

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE

CITY OF SIOUX CITY, IOWA

FOR THE YEAR ENDED JUNE 30, 2008

PREPARED BY

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT

CITY OF SIOUX CITY, IOWA
INTRODUCTORY SECTION

CITY OF SIOUX CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2008

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THE COVER

This year's cover is a collection of photos depicting a few of the progressive, successful changes in recent years that have enhanced the quality of life in Sioux City.

The Tyson Event Center holds 10,000 guests for USHL hockey, indoor football, concerts and sporting events. The NAIA Division II Women's Basketball National Championship is held at the Tyson Event Center.

Constructed in 1927, the Orpheum Theatre was meticulously restored at a cost of approximately \$12 million and re-opened in 2001. The Theatre currently hosts wonderful performers, Broadway shows and can also be rented for private venues.

You may prefer boating on the Missouri River, visiting any of our new shopping areas or just enjoy a day relaxing in one of many of our beautiful parks. There are so many options.

The Roth Fountain designers received the top award in the 2006 Masonry Institute of Iowa contest. Steve Blenderman and Kirk Hoefling designed the fountain using the Prairie School style of architecture. Also used were four steer heads and other terra cotta pieces saved from the Livestock Exchange Building in the Stockyards.

Anderson Dance Pavilion is on the riverfront and is the site of many events such as the annual ART SPLASH Labor Day Weekend art festival. The Anderson Dance Pavilion is a part of our Riverfront Trail System.

The Lewis and Clark Interpretive Center has interactive exhibits depicting the time-frame Meriwether Lewis, William Clark, the men of the Corp, and Lewis's Newfoundland dog Seaman, spent in the Sioux City area. Also, there are three gardens that include species seen and some collected by the Expedition. A member of their Corps, Sergeant Charles Floyd, died while in this area and is buried with a large monument on Sioux City's east side.

With all of the choices that Sioux City has to offer, from sporting, music, theatre, boating, exhibits, art, history, why live anywhere else?

ABOUT SIOUX CITY, IA

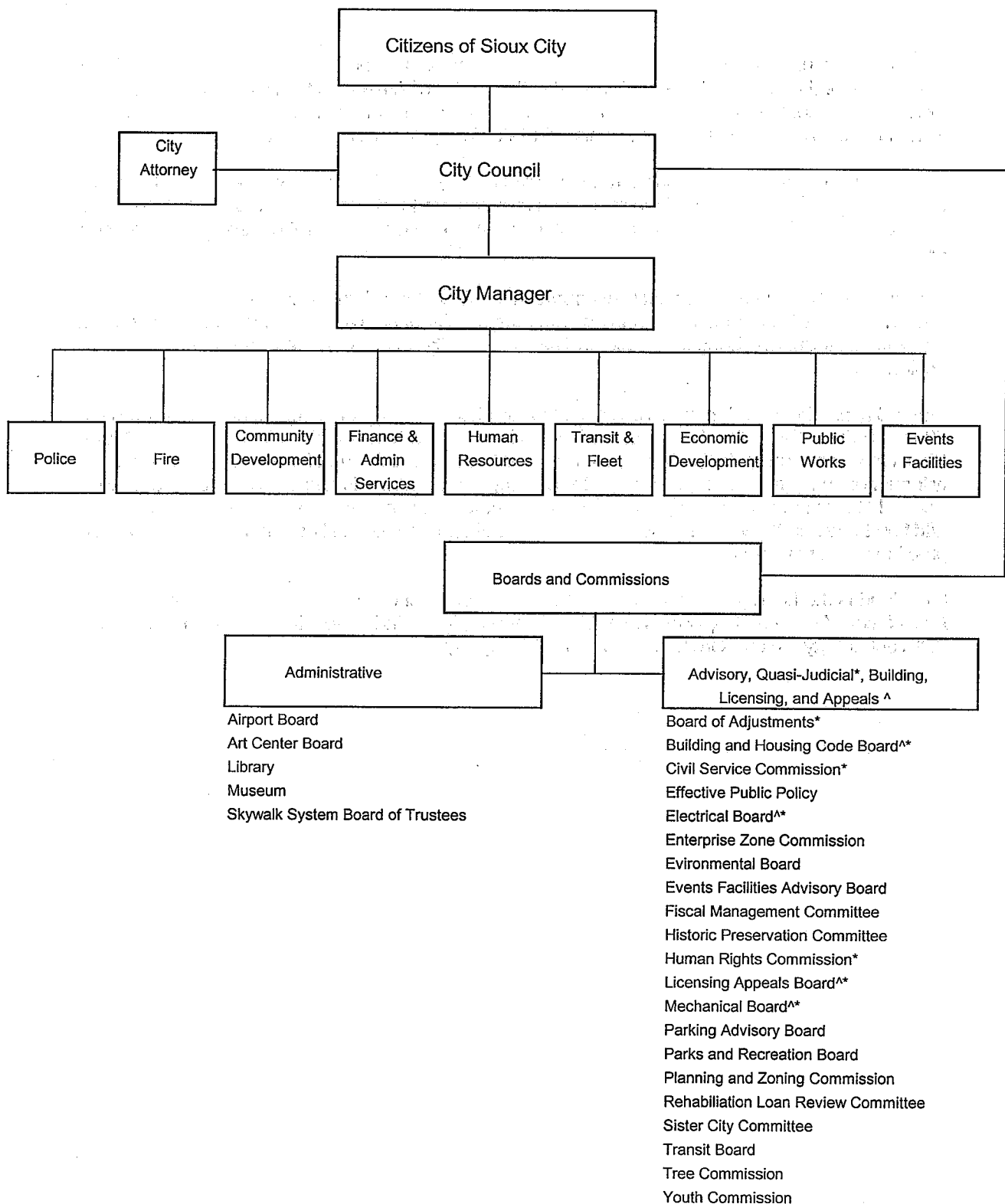
The City of Sioux City, Iowa has had a long and colorful past. Founded in 1854 its roots go back to the days of the early fur traders. Located in the center of America's heartland, Sioux City is located at the confluence of the Missouri and Big Sioux Rivers at the junction of the States of Iowa, Nebraska, and South Dakota. This Tri-State area is known as Siouxland.

Sioux City was a major transportation and marketing center, behind only St. Louis and Chicago. In the 1880s, Sioux City gained the reputation of being a wild, corrupt and uncivilized place due to the many political scandals and open defiance and conflict over such matters as the temperance laws.

On April 28, 1953, voters of Sioux City approved the City Council and Manager form of government. In 1962, Sioux City was awarded the "All-America" city status by Look Magazine and the National Municipal League. Again, in 1990, Sioux City received the "All-America" city designation.

Sioux City has become known as a regional medical community servicing the area covered by a 50-mile radius. Sioux City boasts of having two hospitals with over 300 beds each. In 1992, the Siouxland Community Health Center was created to serve the needs of area residents that are without health insurance or lack adequate coverage. The Center is funded by a grant from the Federal Government and is supported by several community organizations and agencies. In addition to having the latest in hospital services available, the medical community offers a family practice residency program.

Siouxland is the headquarters to many national companies including Tyson Foods, Soo Honey Association, American PopCorn, Aalfs Manufacturing, Terra Industries, Inc., Wilson Trailer, Inc., BPI Technology Inc and Great West Casualty Company.



SCHEDULE OF CITY OFFICIALS

June 30, 2008

Elected Officials

Term Expires

Mayor	Michael Hobart	January 1, 2012
Mayor Pro Tem	James Rixner	January 1, 2010
Council Member	David Ferris	January 1, 2010
Council Member	Brent Hoffman	January 1, 2010
Council Member	Aaron Rochester	January 1, 2012

Council Appointed Officials

Date of Appointment

City Manager	Paul Eckert	March 22, 2002
City Attorney	Andrew Mai	February 4, 2008
City Clerk	Lisa McCardle	June 24, 2006

City Manager and Board Appointed Officials

Date of Appointment

Airport Director	vacant	
Art Center Director	Albert Harris	March 25, 2002
Assistant City Manager	Robert Padmore	June 14, 2008
Director of Community Development/Planning	Patricia Heagel	July 10, 2006
Director of Field Services	vacant	
Director of Human Rights Commission	Karen Mackey	March 22, 2004
Economic Development Director	Martin Dougherty	September 13, 2006
Executive Director Events Facilities	Dennis Gann	November 16, 1990
Fire Chief	vacant	
Library Director	Betsy Thompson	June 21, 1995
Museum Director	Steve Hansen	December 17, 2001
Police Chief	Joe Frisbie	April 28, 1997
Public Works Director	vacant	
Purchasing/Fleet/Transit Director	Curt Miller	December 26, 1978

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Offices of the City Manager & Finance Director

City of Sioux City, Iowa

P O Box 447

Sioux City, IA 51102-0447

October 23, 2008

Honorable Mayor
Members of the City Council
Citizens of Sioux City, IA
City of Sioux City, IA

The comprehensive annual financial report of the City of Sioux City, Iowa for the fiscal year ended June 30, 2008 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities are included.

Generally Accepted Accounting Principals (GAAP) requires that the City provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The financial statements and schedules included in this report reflect all the funds of the City in accordance with standards set by the Governmental Accounting Standards Board.

The City has established a comprehensive internal control framework that is designed to compile sufficiently reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Code of Iowa requires an annual audit be made of the books of accounts, financial records and transactions of all administrative departments of the City by the State Auditor or by a Certified Public Accountant selected by the City Council. The audit for fiscal year 2008 was performed by Williams & Company, Certified Public Accountants. Williams & Company concluded that the City of Sioux City's financial statements for year ended June 30, 2008, are fairly presented in conformity with GAAP. Williams & Company's auditor's report is presented in the financial section of this report.

GOVERNMENT PROFILE

The City of Sioux City was incorporated in 1855, and is located in the northwest part of Iowa. The western border is the Missouri River and abuts the states of Nebraska and South Dakota. The City currently occupies a land area of 60 square miles and serves a population of 85,013.

The City is empowered to levy a property tax on real properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the City Council. The City has operated under the council-manager form of government since 1954. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The governing council is responsible, among other things, for passing ordinances, adopting the budget,

appointing committees, and hiring the City Manager, the City Attorney and the City Treasurer. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms and the mayor is separately elected. The City provides a full range of services.

The following schedule details the available services:

<u>Cultural</u>	<u>Fire Services</u>	<u>Police Services</u>	<u>Utilities</u>
Art Center	Suppression	Patrol	Water
Museum	Prevention	Prevention	Sewer
Library	Training	Investigation	Solid Waste
Events Facilities	Hazardous Materials	Safety	Storm Sewer
<u>Public Works</u>	<u>Community Development</u>	<u>Transportation</u>	
Streets/Bridges/Waters	Planning/Zoning	Airport	
Traffic/Parking	Inspections	Transit	
Engineering	Housing		
Recreation/Aquatics	Economic Development		
Cemeteries	Property		

The State Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. Any amendments to the City budget must be prepared and adopted in the same manner as the original budget. With the exception of capital improvement projects and encumbrances, all other appropriations, as adopted and amended, lapse at the end of the fiscal year. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Annual budgets are adopted on the basis consistent with generally accepted accounting principles for all governmental funds. The City's budget is prepared on the modified accrual basis of accounting. The legal level of budgetary control is mandated by State law at the program structure level for all funds rather than at the individual fund level. The City maintains control over the program structure by reviewing estimated purchase amounts prior to release of purchase orders. Purchases orders are encumbered and open encumbrances are reported as reservations of fund balances at June 30.

The Finance and Administrative Services Department is responsible for establishing and maintaining internal control designed to ensure that the assets of the City are protected from loss, theft or misuse. The Department also ensures that adequate data is compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

The City continues to demonstrate its responsibility for sound financial management through the statements and schedules included in the financial section of this report.

ECONOMIC CONDITION

LOCAL ECONOMY

Sioux City lies along the Missouri River on the Iowa side opposite South Dakota and Nebraska. The Sioux City metro area, or "Siouxland", (which includes Sioux City and Sergeant Bluff, Iowa,

North Sioux City, South Dakota and South Sioux City, Nebraska), was recently named number one for economic development with populations between 50,000 and 200,000 according to *Site Selection* magazine's March 2008 issue. Sioux City had 23 projects that qualified for the ranking, and is one of only two communities to be ranked in the top ten in its category located west of the Mississippi River. The Sioux City Metro area also tied for the sixth most improved Metropolitan Statistical Area (MSA) in percentage of income growth over 2007. According to the Bureau of Economic Analysis at the United States Department of Commerce, Sioux City's increase of 7% topped the national average and doubled 2007's growth rate. Siouxland is home to several well-known and prosperous industries that support employment opportunities and help the City maintain a low 3.6% unemployment rate. These businesses include John Morrell, Sue Bee Honey, and Curly's Foods in Iowa, Tyson Foods, Beef Products Incorporated, and Great West Casualty Company in Nebraska, and 1st Financial and Premiere Bankcard in South Dakota.

Several businesses have recently established new locations in or near Sioux City adding a substantial number of employment opportunities. Qwest Communications occupied the 50,000 square-foot former SOSINC Communications building near the Sioux Gateway Airport approximately 2 years ago. The new sales and service call center employs about 350 people that handle incoming Qwest customer calls from a 14-state region. Stream, a Richardson, Texas based technical support and customer service provider, created 400 new jobs in Sergeant Bluff, Iowa located about 7 miles south of Sioux City in the former Verizon location. Stream currently handles support calls for Sirius Satellite Radio and anticipates adding another 600 jobs in the near future when it adds an additional client. Northwest Airlines has most recently opened a 32,000 square-foot reservations call center on the second floor of the former JC Penny Building in downtown Sioux City. The airline has created 330 new jobs in Sioux City as a part of this \$10 million project.

In 2006, the Iowa Legislature created a five-year pilot project known as the Targeted Jobs Withholding Credit Program. Sioux City was one of four cities selected for the program that offers a versatile tool to create and retain jobs in Iowa. The program provides a withholding tax credit of up to 3% of the wages of qualifying employees for up to ten years. These funds can be used for infrastructure improvements, employee training costs, or as a financial award to the business. Businesses that have recently benefited from this program are:

All Power	7 jobs created, 51 retained
Cannon, Moss, Brygger & Associates (CMBA)	22 jobs retained
Consumers Supply Distribution	20 jobs created, 45 retained
Custom Woodworks, LTD	16 jobs created
CW Suter & Son, Inc.	10 jobs created
Dakwa, dba Johnstone Supply	10 jobs created
Fed-Ex Ground Package System, Inc.	25 jobs created
High Tech Electric	43 jobs created
Norwest Airlines, Inc.	330 jobs created
Mercy Medical Services	2 jobs created, 20 retained
Mercy Medical Center (Outpatient Therapies)	2 jobs created, 15 retained
Prairie Pediatrics and Adolescent Clinic, P.C.	41 jobs retained
Siouxland Rubber & Urethane	14 jobs created
Staber Meats, Inc.	11 jobs created
Van Meter Industrial	12 jobs retained
Wellmark, Inc.	27 jobs created, 35 retained

Sioux City has experienced substantial growth both commercially and residentially in the past few years stemming from record low interest rates. In fiscal year 2008, 3,055 building permits were issued with a value of \$178,540,908. These factors rank third in terms of number of permits and first in terms of value in the last 10 years, indicating continued growth. The Lakeport Commons shopping area was added a few years ago just east of the Southern Hills Mall across Lakeport Road in Morningside on the east-side of Sioux City and has continued to grow substantially. The Southern Hills Mall is enjoying new tenants such as: Hollister Co., Steve and Barry's, and Charlotte Russe. Along with these new stores, both Scheel's and Victoria's Secret have

expanded their retail areas, by 14,500 and 3,711 square feet respectively. On the north-side along Hamilton Boulevard, and in the Leeds area along Floyd Boulevard, both enjoy a more modern flare with recent renovations or additions of several strip malls. St. Lukes' Regional Medical Center recently announced a \$14 million expansion project that will modernize and enlarge its surgical areas. The project includes an 8,700 square foot addition which will be added to the hospital's north end atop an existing parking lot, and the renovation of an existing 25,000 square foot first floor surgical space.

New homes continue to spring up in the Singing Hills development and in the Woodbury Heights development on the west side of Sioux City. This supports the June 2008 ranking for Sioux City in the Top 20 Metropolitan Statistical Areas for Housing Appreciation according to Office of Federal Housing Enterprise Oversight (OFHEO) House Price Index. The index is published quarterly and tracks average housing price changes in repeat sales or refinances of the same single-family properties and is based on data received from Fannie Mae and Freddie Mac for mortgages originated over the past 34 years.

With the addition of many new homes and retail businesses across Sioux City, citizens are shopping locally, shifting revenues from near-by metropolitan areas such as Omaha, Nebraska and Sioux Falls, South Dakota to Sioux City. In addition to experiencing an increase in the property tax base, the City has also seen an increase in local option sales tax revenue. In fiscal year 2008, local option sales tax revenue was \$10,521,527. This is an increase of 27% since fiscal year 2002. On an average, approximately \$9 million in local option sales taxes are collected annually; 60% of local option sales tax is allocated toward reducing taxes levied for debt service and employee benefit costs, 20% is allocated for infrastructure, 10% is allocated to pay for City Hall new construction debt, and the remaining 10% is allocated toward economic development activities, loans, and grants. The City's regional market is also enhanced by about \$2 million per year from revenues received from the Argosy Riverboat gambling facility. These revenues are derived from various sources of the riverboat operations. The revenues received are applied to the Event Center debt service and other Capital Improvement Projects (CIP).

In addition to low interest rates, long-term financial growth of the City also stems from the use of Tax Increment Financing (TIF). The use of TIF money allows the City to make public improvements in the portions of the City where a tax increment base is set into place. Property owners within a TIF district pay property tax on the entire assessed value of their property. The local governments receive only the taxes levied on the base value of the property. The property value above the base amount is considered the increment value. Any property taxes levied on this increment value are set aside by the City in a separate account. The development costs for the TIF area are paid from this special account. Currently the City has seven tax increment districts.

The Sioux City Council has been committed to maintaining high quality services while minimizing any property tax increase on the median home. Achieving this goal has only been possible with high quality management and significant growth in our economy, while efficiently utilizing tools such as TIF monies and local option sales tax revenues.

LONG-TERM FINANCIAL PLANNING

The Public Works Department is faced with several large projects in the next five years. Since almost 50% (146 miles) of Sioux City's streets are over 65 years old, \$123 million has been budgeted for streets in the capital improvement budget between fiscal years 2009-2013. The City has also planned for a \$60 million rehabilitation of its waste water treatment plant. The plant is 45 years old and is in desperate need of improvements. This will result in an increase in operating costs of approximately \$1.4 million per year.

The storm water fund is currently a special revenue fund. The City is striving to make the fund self-supporting, thus an enterprise fund, for which a fee is charged based on 100% of the costs for the goods and services provided. The monies from fees charged cover costs associated with

the operation, maintenance, capital costs and debt service costs of the storm water drainage system.

Sioux City offered its citizens a city-wide revitalization project in 2008, which allows property owners within the Sioux City limits to abate taxes for up to ten years on any new single family dwelling or on any additions to an existing single family dwelling. The abatement would be only on the assessed value of the new portion of housing. Initiating such a program would delay the collection of these additional property tax dollars; however the City would be able to eliminate any blighted residential areas at the same time.

RELEVANT FINANCIAL POLICIES

The City of Sioux City recently adopted an enterprise fund balance policy. The policy states:

It shall be the policy of the City of Sioux City, Iowa to maintain appropriate and fiscally sound fund balances in the enterprise funds. The policy shall be based on five year projections which will lead to stabilization of rate increases and provide appropriate funding to buy-down the cost of long-term capital needs.

All enterprise funds were recently evaluated based on the enterprise fund balance policy in order to ensure these funds were recouping all costs associated with such services provided to citizens. In recent years, it became apparent that current rates were not even substantial enough to bring in enough revenue to cover costs. Because of this, the City set into place water rate increases of 8% for both July 2006 and 2007, and most recently approved were increases for the sewer and parking funds effective July 2007. The storm water fund (currently a special revenue fund) is still being considered for a rate increase and a possible change in status to an enterprise fund.

MAJOR INITIATIVES

Sioux City continues to invest heavily in capital improvements and infrastructure rehabilitation. With average capital spending programmed at \$25 million, the City expects to make considerable progress in meeting its infrastructure needs.

In fiscal year 2008 the City spent \$44 million on capital improvement projects. The three largest projects were: Outer Belt Floyd to Lewis, \$20.05 million, Perry Creek Flood Control \$7.32 million, and Dace/Cunningham/Leech Alignment, \$2.76 million.

Major construction projects done in conjunction with developers include the following:

*Stoney Creek Inn – A Des Moines, Iowa-based hotel chain is in the process of constructing a \$13 million, 160-room hotel and conference center on a two-block area near the Tyson Events Center, which will provide an additional building block for the downtown west end cultural and entertainment district. The U-shaped hotel will employ 50 people and features a 15-foot waterfall, a ballroom, and a heated indoor-outdoor pool. Additionally, a pedestrian walk-way will provide easy access to downtown and the Perry Creek Trail System.

*Outer Belt Drive, Floyd to Lewis - Construction started in 2006 to connect Outer Drive located on the north side of Sioux City to Lewis Boulevard, also known as Highway 75. This project is part of the long range transportation plan and Hoeven Valley Corridor Study.

*Lakeport Commons- New construction continues in the Lakeport Commons Area in Morningside near the Southern Hills Mall. The newest additions this area include Texas Roadhouse Grill, Golden Corral, Gap Outlet, and Justice.

The City continues to work with the Sioux City Community School District to replace or renovate a number of old and dilapidated schools. The most recent elementary schools to be replaced were

Irving Elementary and Leeds Elementary. Excluding private schools, Sioux City currently has 21 Elementary Schools, 3 Middle Schools, and 4 High Schools that are supported by the Sioux City Community School District. School District success in passing a one percent local option sales tax for school construction has provided over \$90 million in ten years for replacement of schools. The August 2, 2005 election on whether or not to continue the one percent local option sales tax for school construction passed. The use of sales tax funds is especially welcome since large, property tax supported, debt issuance will not be necessary to replace schools. Large school debt issuance would increase overlapping debt and could have a negative impact on the City's bond rating.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Sioux City, Iowa has received a Certificate of Achievement every year since fiscal year 1984 except for fiscal year 1996 and 1998. We believe that our current report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate. The fiscal year 1996 report's production was delayed past the submittal deadline because of the City's financial application software change at the beginning of the fiscal year. The fiscal year 1998 report's production was delayed past the submittal deadline because of changes in personnel and software.

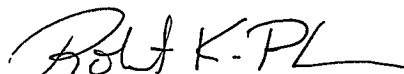
Acknowledgment - The preparation and completion of the 2008 Comprehensive Annual Financial Report was made possible by the dedicated service of Finance Division employees. Each member of the Division has our sincere appreciation for the contributions they made toward this report. Sioux City is very fortunate to have such excellent, versatile and dedicated people.

In closing, without the leadership and support of the City Council, the preparation of this report would not have been possible.

Respectfully Submitted,



Paul Eckert,
City Manager



Robert Padmore,
Assistant City Manager
Finance and Administrative Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

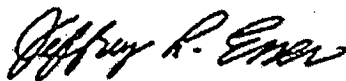
City of Sioux City
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial
Reporting is presented by the Government Finance Officers
Association of the United States and Canada to
government units and public employee retirement
systems whose comprehensive annual financial
reports (CAFRs) achieve the highest
standards in government accounting
and financial reporting.



President



Executive Director

CITY OF SIOUX CITY, IOWA
FINANCIAL SECTION



Suite 700 Terra Centre
600 Fourth Street
P.O. Box 298
Sioux City, IA 51102-0298
Phone (712) 252-5337

INDEPENDENT AUDITORS' REPORT

Honorable Mayor,
Members of the City Council
City of Sioux City, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the CITY OF SIOUX CITY, IOWA (the City) as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on the financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux City, Iowa as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis, OPEB Schedule of Funding Progress and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 23, 2008 on our consideration of the City of Sioux City, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral

part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Introductory Section, Other Financial Information and Statistical Information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Sioux City, Iowa. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The accompanying combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the accompanying Schedule of Expenditures of Passenger Facility Charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and they are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Williams & Company, P.C.
Certified Public Accountants

Sioux City, Iowa
October 23, 2008



Management Discussion and Analysis

June 30, 2008

This discussion and analysis of the City of Sioux City's financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2008. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page xi and the City's financial statements which follow this report.

Financial Highlights

- The assets of the City of Sioux City exceeded liabilities at June 30, 2008 by \$364,784,849. Of this amount \$59,840,189 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The city's net assets increased by \$3,997,052 during the year. Of this amount the net assets of our Governmental Activities increased \$443,932 and the net assets of our Business-Type Activities increased \$3,553,120.
- The largest factor in the increase in fund balance was the amount by which capital outlays exceeded depreciation in the current period. In fiscal year 2008 that amount was \$10,540,989.
- The City's long term debt increased \$27,502,496 (20.12%). Contributing to the increase was the issuance of three series of general obligation bonds totaling \$24,900,000. The bond proceeds were used to fund the fiscal year 2008 Capital Improvement Program. Notes payable increased by \$20,552,079 in the enterprise funds due to additional State Revolving Loans. Outstanding General Obligation debt totals \$101,785,000. Outstanding revenue debt and notes payable total \$465,000 and \$61,922,164, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

One of the most important questions asked about the City's finances is, "Is the City of Sioux City in a better financial position at the end of this fiscal year, compared to last year?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by most private-sector companies. These two statements report the City's net assets, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure are also important in making this determination.

In the Statement of Net Assets and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** - Most of the City's basic services are reported here, such as Police, Fire, Public Works and Parks departments, and general administration. Property taxes and state and federal grants finance most of these activities.
- **Business-Type Activities** - The City charges fees to customers to cover the cost of these services. Included here are the City Water, Sewer, Solid Waste, Airport and Parking funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also establishes funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** - Most of the City's basic services are included in governmental funds, which focus on how money moves into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental fund information helps

determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation following each Governmental Fund financial statement.

- **Proprietary funds** - When the City charges customers for the service it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The major difference between the proprietary funds report and the business-type activities reported in the government-wide statements, is the detail and additional information, such as cash flows, provided in the proprietary funds report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. The City is the trustee, or fiduciary, for the Woodbury County Information and Communications Commission funds which can be used only for the trust beneficiaries. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary funds statements.

THE CITY AS A WHOLE

As stated earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparison chart shows the changes in net assets for the years ended June 30, 2008 and 2007:

	General Governmental Activities	
	<u>2008</u>	<u>2007</u>
Current and Other Assets	\$140,947,538	\$131,156,952
Capital Assets	<u>297,580,253</u>	<u>289,529,914</u>
Total Assets	438,527,791	420,686,866
Long-Term Liabilities Outstanding	106,426,316	93,666,699
Other Liabilities	<u>62,323,413</u>	<u>57,686,037</u>
Total Liabilities	168,749,729	151,352,736
Net Assets:		
Invested in Capital Assets, Net of Related Debt	201,725,694	202,244,071
Restricted	21,499,154	18,194,013
Unrestricted	<u>46,553,214</u>	<u>48,896,046</u>
Total Net Assets	<u>\$269,778,062</u>	<u>\$269,334,130</u>

This summary reflects an increase in total net assets of .16% for the governmental activities and an increase of 3.76% in the business-type activities.

The restricted portion of net assets (6.03%) is subject to external restrictions on how these resources may be used. The remaining balance of unrestricted net assets (\$59,840,189) may be used to meet any ongoing obligations to citizens and creditors.

Before applicable prior period adjustments, the government's net assets increased \$4 million during the current fiscal year. This change in net assets can be attributed to increases in property tax revenue and charges for services.

Business-Type Activities		Totals	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
\$24,326,579	\$29,153,163	\$165,274,117	\$160,310,115
<u>149,551,259</u>	<u>119,425,737</u>	<u>447,131,512</u>	<u>408,955,651</u>
173,877,838	148,578,900	612,405,629	569,265,766
70,088,534	51,334,835	176,514,850	145,001,534
<u>8,782,517</u>	<u>5,684,538</u>	<u>71,105,930</u>	<u>63,370,575</u>
78,871,051	57,019,373	247,620,780	208,372,109
81,233,654	70,041,912	282,959,348	272,285,983
486,158	496,000	21,985,312	18,690,013
<u>13,286,975</u>	<u>21,021,615</u>	<u>59,840,189</u>	<u>69,917,661</u>
<u>\$95,006,787</u>	<u>\$91,559,527</u>	<u>\$364,784,849</u>	<u>\$360,893,657</u>

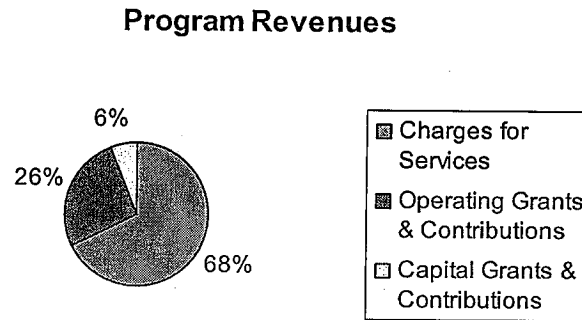
Total revenue reported in fiscal year 2008 was \$148,188,567. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for fiscal years 2008 and 2007:

Revenue Source	General Governmental Activities	
	2008	2007
Program Revenues:		
Charges for Services	\$19,982,925	\$12,396,348
Operating Grants and Contributions	19,163,094	19,595,863
Capital Grants and Contributions	<u>4,714,416</u>	<u>6,656,241</u>
Total Program Revenues	43,860,435	38,648,752
General Revenues :		
Property Taxes	47,592,848	45,743,901
Franchise Taxes	2,793,497	2,810,233
Hotel-Motel Taxes	951,260	873,749
Local Option Sales Taxes	10,521,527	10,876,276
Interest	3,296,165	3,959,731
Revenue from the Sale of Uncapitalized Property	230,112	859,249
Miscellaneous	2,355,707	2,110,285
Net Gain on Sale of Capital Assets	<u>2,035,150</u>	<u>180,088</u>
Total General Revenues	<u>69,776,266</u>	<u>67,413,512</u>
Total Revenues	113,636,701	106,062,264
Transfers	<u>(758,753)</u>	<u>(558,814)</u>
Total Revenues & Transfers	<u>\$112,877,948</u>	<u>\$105,503,450</u>

Business-Type Activities		Totals	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
\$32,438,340	\$30,084,909	\$52,421,265	\$42,481,557
1,062,111	3,940,017	20,225,205	23,535,880
<u>---</u>	<u>---</u>	<u>4,714,416</u>	<u>6,656,241</u>
33,500,451	34,024,926	77,360,886	72,673,678
---	---	47,592,848	45,743,901
---	---	2,793,497	2,810,233
---	---	951,260	873,749
---	---	10,521,527	10,876,276
735,839	1,198,245	4,032,004	5,157,976
---	---	230,112	859,249
250,220	484,370	2,605,927	2,594,655
<u>65,356</u>	<u>3,128</u>	<u>2,100,506</u>	<u>183,216</u>
<u>1,051,415</u>	<u>1,685,743</u>	<u>70,827,681</u>	<u>69,099,255</u>
34,551,866	35,710,669	148,188,567	141,772,933
<u>758,753</u>	<u>558,814</u>	<u>---</u>	<u>---</u>
<u>\$35,310,619</u>	<u>\$36,269,483</u>	<u>\$148,188,567</u>	<u>\$141,772,933</u>

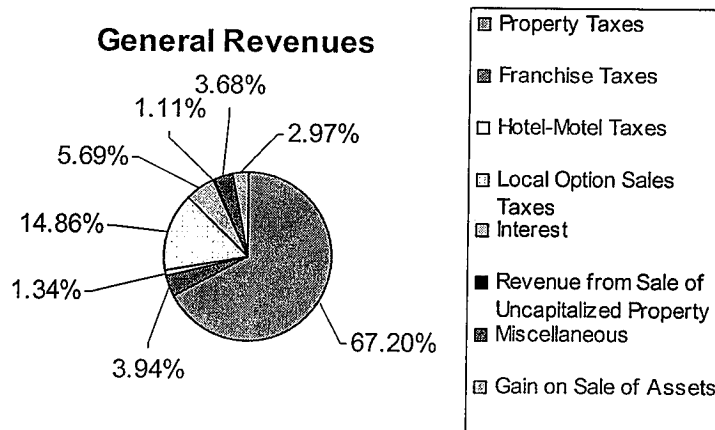
Program revenues totaled \$77,360,886 for fiscal year 2008. Governmental Activities provided \$43,860,435 and Business-Type Activities provided \$33,500,451. Revenue collected for Charges for Services during fiscal year 2008 was \$52,421,265, accounting for approximately 68% of the total program revenues. General Governmental Charges for Services increased due to an increase in insurance premiums and a decrease in health benefit claim amounts in the Comprehensive Insurance Fund. Capital grants decreased \$1.9 million related to street projects in the Public Works Department. In the Business-Type funds, revenues from charges for services increased \$2,353,431 as a result of a 20.4% rate increase in the Sewer System.

The following chart breaks down program revenues by source:



General Revenues for fiscal year 2008 totaled \$70,827,681. Governmental Activities provided \$69,776,266 and Business-Type Activities provided \$1,051,415. Property tax revenues for fiscal year 2008 totaled \$47,592,848, accounting for 67.2% of General Revenues. The General Revenues with significant increases were property taxes \$1.8 million, and the net gain on the sale of capital assets of \$2 million resulting from the sale of land.

The following chart breaks down General Revenues by source:



Expenses for fiscal year 2008 totaled \$144,191,515. Expenses for General Governmental Activities totaled \$112,434,016 accounting for 78% of total expenses. Business-Type Activity expenses totaled \$31,757,499 for 22% of the total. The increases in the program areas are significant since the capital project expenditures are now shown here, rather than on a separate line. In fiscal year 2008 the capital projects increased substantially in the Public Works Department due to receiving additional capital grants related to street projects. The increase of \$14.8 million in Community and Economic Development reflects the increase in the number of projects in fiscal year 2008. General Government expenses increased due to the GASB 45 adjustment of \$3,651,762 for Other Post-Employment Benefits (OPEB). Business-type expenses increased considerably due to repairs and improvements in the Water and Sewer Systems. The following table shows total expenses by Function/Program for fiscal years 2008 and 2007:

Expenses	General Governmental		Business-Type	
	2008	2007	2008	2007
Public Safety	\$30,260,933	\$28,854,253	\$ ---	\$ ---
Public Works	19,638,707	15,506,549	---	---
Culture and Recreation	17,340,040	16,080,955	---	---
Comm and Economic Devel	25,630,391	10,787,387	---	---
General Government	13,073,878	10,471,162	---	---
Debt Service	6,490,067	5,980,529	---	---
Capital Projects	---	1,203,328	---	---
Business-Type Activities	---	---	31,757,499	28,422,092
Total Expenses	<u>\$112,434,016</u>	<u>\$88,884,163</u>	<u>\$31,757,499</u>	<u>\$28,422,092</u>

Expenses	Totals	
	2008	2007
Public Safety	\$30,260,933	\$28,854,253
Public Works	19,638,707	15,506,549
Culture and Recreation	17,340,040	16,080,955
Comm and Economic Devel	25,630,391	10,787,387
General Government	13,073,878	10,471,162
Debt Service	6,490,067	5,980,529
Capital Projects	---	1,203,328
Business-Type Activities	31,757,499	28,422,092
Total Expenses	<u>\$144,191,515</u>	<u>\$117,306,255</u>

The following table shows the activities included within each program level:

Program Level	Activity
Public Safety	Individual & Community Protection, Physical Health
Public Works	Public Service, Utilities, Transportation
Culture and Recreation	Education & Culture
Community and Economic Development	Environmental Preservation, Housing & Community Devel.
General Government	Policy & Administration
Debt Service	Debt
Capital Projects	Capital Improvement Projects

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$30,260,933 and received \$1,823,737 in revenue thus leaving a cost to the taxpayer of \$28,437,196 to be funded by various methods. This format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, COPS Grants, Block Grants
Community and Economic Development	HUD Grants, Building Permits, Licenses
General Government	Internal Service – Charges for Services

The total cost of governmental activities this year was \$112,434,016. Of these costs, \$19,982,925 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$23,877,510, leaving a Net Expense of \$68,573,581 for governmental activities. These expenses were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial section provides further detail. The Net (Expense) Revenue by governmental activity is shown in the following table:

<u>Functions/Programs</u>	<u>Net (Expense) Revenue</u>	
	<u>FY08</u>	<u>FY07</u>
<u>Governmental Activities</u>		
Public Safety	\$(28,437,196)	\$(26,397,755)
Public Works	(2,796,514)	(2,897,303)
Culture & Recreation	(11,874,466)	(11,018,933)
Community & Economic Development	(15,814,372)	(1,534,195)
General Government	(3,230,646)	(7,685,077)
Debt Service	(6,420,387)	(5,880,503)
Capital Projects	---	5,178,355
Total Net (Expense) Revenue		
Government Activities	(68,573,581)	(50,235,411)
General Revenues & Transfers	69,017,513	66,854,698
Change in Net Assets	\$443,932	\$16,619,287

Total resources available during the year to finance governmental operations were \$382,212,078, consisting of Net Assets at July 1, 2007 of \$269,334,130, program revenues of \$43,860,435, General Revenues of \$69,776,266 and transfers of \$(758,753). Total Governmental Activities during the year expended \$112,434,016; thus, Net Assets were increased by \$443,932 to \$269,778,062.

Business-Type Activities

Business-type activities increased the City's net assets by \$3,553,120.

The cost of all Proprietary activities this year was \$31,757,499. As shown in the Statement of Activities, the amounts paid by users of the systems was \$32,438,340, and \$1,062,111 was funded from grants and contributions, resulting in total Net Revenue for business-type activities of \$1,742,952. As discussed in the revenue section, the Sewer System had a 20.4% sewer rate increase thus the net increase. Even though the Water System had an 8% rate increase, consumption was lower, and expenses increased \$1.3 million mainly due to repairs and improvements. The Net (Expense) Revenue by Business-Type Activity is shown in the following table:

<u>Business-Type Activities</u>	<u>Net (Expense) Revenue</u>	
	<u>FY08</u>	<u>FY07</u>
Airport System	\$(846,452)	\$(337,673)
Water System	1,430,321	2,995,696
Sewer System	1,390,378	2,597,074
Solid Waste System	36,002	818,537
Parking	(267,297)	(470,800)
Total Net (Expense) Revenue Business-Type Activities	1,742,952	5,602,834
General Revenues & Transfers	1,810,168	2,244,557
Change in Net Assets	\$3,553,120	\$7,847,391

Total resources available during the year to finance Proprietary Fund activities were \$126,764,286 consisting of Restated Net Assets at July 1, 2007 of \$91,453,667, program revenues of \$33,500,451, General Revenues of \$1,051,415, and transfers of \$758,753. Total Proprietary Fund Activities during the year expended \$31,757,499, thus Net Assets were increased by \$3,553,120 to \$95,006,787.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$71,130,896 (23% unreserved), an increase of \$2,926,678 in comparison with the prior year.

The General Fund is the primary operating fund of the City. The fund balance of \$8,065,972 is 19% of expenditures which is at the upper end of the City's goal of a fund balance between 12% and 20% of expenditures. During the year, revenues exceeded expenditures in the general fund by \$508,869, a decrease of \$288,913 from fiscal year 2007. The net change in the fund balance was due to several factors. Expenditures increased by \$2 million which was reflected in almost every program area due to the effects of negative economic conditions, while net transfers increased by \$2.6 million. Most of the general fund revenues increased slightly, for a combined increase of \$593,000. However, two revenue sources decreased, which were intergovernmental revenues by \$796,810, because of fewer grant funds, and interest income by \$728,170 because of a declining economy.

The Debt Service Fund is used to account for general long-term debt principal, interest and related costs. The fiscal year 2008 fund balance of \$3,457,088 increased \$1,701,690 (96.9%) from the fiscal year 2007 fund balance. The majority (92.7%) of the fund balance is reserved for debt service, while the remainder is reserved for long-term notes receivable and encumbrances.

The Capital Improvements Fund accounts for all transactions relating to the acquisition or construction of major capital facilities excluding those financed by Proprietary Funds and Fiduciary Funds. The fund balance increased by \$1,107,588 from fiscal year 2007 mainly due to an increase in proceeds from the issuance of debt to fund the Capital Improvement Fund projects.

The Enterprise Funds, which account for operations that are similar to a private business, had total net assets increase by \$3,553,120 in fiscal year 2008. The Water System had an increase in net assets of \$1,805,935 while the Sewer System had a \$1,645,486 increase in net assets. The factors surrounding these increases are discussed in the section "the City as a Whole" in the Business-Type Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2008 original (adopted) General Fund amount of \$52,407,806 to the final budget amount of \$60,153,324 shows a net increase of \$8,040,148.

Original Budget	Encumbrances	Beginning Balance	Supplemental Changes	Final Budget
\$52,113,176	\$294,630	\$52,407,806	\$7,745,518	\$60,153,324

The following table shows the General Fund budget variances by program structure:

	Amended Budget	Actual	Variance Over (Under) Amended Budget
<u>EXPENDITURES</u>			
Public Safety	\$30,608,839	\$27,623,904	\$(2,984,935)
Public Works	2,600,986	1,906,248	(694,738)
Culture & Recreation	9,717,321	6,929,353	(2,787,968)
Community & Economic Development	2,859,121	2,461,519	(397,602)
General Government	8,005,267	3,189,606	(4,815,661)
	53,791,534	42,110,630	(11,680,904)
Transfers Out	6,361,790	8,914,303	2,552,513
Total Expenditures	<u>\$60,153,324</u>	<u>\$51,024,933</u>	<u>\$(9,128,391)</u>

The City complied with statutory requirements and did not exceed the budget by program structure.

In Fiscal 2008, appropriations increased \$8,040,148 between the original budget and the final amended budget. Public Safety had a \$2.5 million increase mainly due to grant receipts not previously budgeted. The Culture and Recreation budget increased \$2.8 million and the General Government budget increased \$2 million due to additional operating expenses and anticipated accrual adjustments.

CAPITAL ASSETS

The City's investment in capital assets, including land, building and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2008 was \$282,959,348 (net of accumulated depreciation and outstanding financings). This is an increase of \$10,673,365 (3.9%) from fiscal year 2007. The gross additions to capital assets for fiscal year 2008 are as follows:

	General Governmental Activities		Business-Type Activities	
	2008	2007	2008	2007
Land	\$768,330	\$1,567,638	\$1,481,710	\$29,023
Infrastructure	8,551,977	8,606,689	---	---
Buildings	902,535	313,230	---	---
Improvements-Other than Buildings	2,989,567	3,166,339	5,684,421	12,516,465
Equipment	2,676,946	2,662,735	221,256	383,649
Construction in Progress	11,726,561	12,879,467	32,248,209	20,041,224
Total Gross Additions	<u>\$27,615,916</u>	<u>\$29,196,098</u>	<u>\$39,635,596</u>	<u>\$32,970,361</u>

	Totals	
	2008	2007
Land	\$2,250,040	\$1,596,661
Infrastructure	8,551,977	8,606,689
Buildings	902,535	313,230
Improvements-Other than Buildings	8,673,988	15,682,804
Equipment	2,898,202	3,046,384
Construction in Progress	43,974,770	32,920,691
Total Gross Additions	<u>\$67,251,512</u>	<u>\$62,166,459</u>

Construction in Progress was the major capital outlay for Governmental Activities in fiscal year 2008. These outlays included: The Outer Belt Drive Reconstruction, Perry Creek Flood Control and the Pierce Building Parking Structure. The majority of expenditures in improvements included: South Lewis Boulevard Reconstruction, Hamilton Boulevard Traffic Control and the Fire Training Tower. The majority of expenditures for construction in progress were incurred by the Capital Improvement Fund. Land was acquired for the Wesley Parkway, Infrastructure Projects, Perry Creek Flood Control, and Outer Belt Drive

Reconstruction. The majority of the equipment acquired was licensed vehicles and contractor's mobile by the City's Central Maintenance Garage fund which is an Internal Service Fund.

For Business-Type Activities, additions to Construction in Progress of \$32,248,209 were for the Waste Water Treatment Plant rehabilitation and Parking Ramp "A" replacement. Another improvement that resulted from a construction project completed during the year and capitalized as a completed asset was the water main work for Whispering Creek Drive. Land was acquired for a new Water Plant at the Southbridge Development.

See Note 5 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

At year end, the City had \$164,172,164 of debt outstanding. This is an increase of \$27,502,496 (20.1%) from the prior year. Of this amount \$95,854,559 is to be paid from tax sources (primarily local option sales tax, general taxes and Tax Increment Funds). The remainder is to be repaid from our Municipal Enterprises.

Debt administration is quite conservative since all City general obligation debt is to be repaid within the next 10 years. This rapid repayment when combined with the use of Tax Increment Financing and Local Option Sales Tax Revenue has allowed the City to maintain our Aa bond rating. This rating is the second highest possible rating and reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. The City's debt capacity is \$172,515,895. With outstanding General Obligation Debt applicable to this limit of \$98,601,902, the City is utilizing 57.16% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

Sioux City continues to benefit from a large amount of development. Residential and commercial building permits in fiscal year 2008 totaled \$178,540,908. This surpasses the fiscal year 2007 building permit total by \$25,106,979. Major construction recently completed or still underway totals over \$280 million. Construction of the Rivers Edge Vision Iowa Project was completed with a cost of over \$70 million. The Sunny Brook Shopping Center, Lakeport Commons and two Walmarts represent over \$70 million in construction. Hospital construction provides over \$55 million in construction. Smaller shopping areas, hotel renovation and the downtown Cinema represent another \$45 million in construction. In addition to increased property tax base, these developments solidify Sioux City's position as the regional shopping destination and have a significant impact on sales tax collections for Sioux City, Woodbury County and the Sioux City Community School District.

Additional large scale construction is underway. Public Construction is at an historic high with construction underway or announced of over \$130 million. The waste water treatment plant will continue to be a large part of the capital budget in order to make necessary improvements at the facility. The new infrastructure replacement project will add \$6 million in construction annually. The State of Iowa will conduct road work on Interstate 29 which will cost the City millions of dollars in utility relocations.

Interest rates are becoming an influential factor affecting future debt and the sale of bonds. With this in mind, bond sales will most likely be postponed with only the necessary projects being approved. While most construction projects are financed through the sale of bonds, the construction of water and sewer

improvements will continue to be financed through the State Revolving Loan Program to minimize interest costs. The State Revolving Loan Program provides 3% loans over 30 years to finance the City's Water and Sewer improvements. While the investments should be prudent and the debt still needs to be repaid, this opportunity to do necessary work at low interest rates is unlikely to be repeated often and should be appreciated and seized.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the City Finance and Administrative Services Department at 712-279-6207.

CITY OF SIOUX CITY, IOWA
BASIC FINANCIAL STATEMENTS

CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 62,861,183	\$ 13,923,626	\$ 76,784,809
Investment in Joint Venture	100,519	---	100,519
Accounts Receivable	1,073,732	5,338,733	6,412,465
Accrued Interest Receivable	470,570	63,184	533,754
Notes Receivable	17,764,099	791,354	18,555,453
Special Assessments	834,462	---	834,462
Due from Other Governments	57,382,916	3,408,805	60,791,721
Internal Balances	(314,719)	314,719	---
Inventories, at Cost	417,958	---	417,958
Prepaid Items	356,818	---	356,818
Restricted Assets:			
Cash and Cash Equivalents	---	486,158	486,158
Capital Assets not being depreciated:			
Land	39,065,907	4,142,880	43,208,787
Construction in Progress	44,035,271	63,455,631	107,490,902
Capital Assets net of accumulated depreciation:			
Infrastructure	92,723,320	---	92,723,320
Buildings	68,382,862	8,998,338	77,381,200
Buildings under Capital Lease	3,645,625	---	3,645,625
Improvements other than buildings	39,582,851	71,217,147	110,799,998
Equipment	10,144,417	1,737,263	11,881,680
Total Assets	438,527,791	173,877,838	612,405,629
LIABILITIES			
Accounts Payable	2,353,621	1,101,123	3,454,744
Accrued Wages	1,287,315	114,644	1,401,959
Accrued Interest Payable	314,265	184,367	498,632
Contracts and Retainers Payable	3,430,626	5,375,348	8,805,974
Due to Other Governments	52,301	256,042	308,343
Estimated Liability for Damage Claims	3,999,251	---	3,999,251
Matured Bonds and Coupons Payable	1,740	13,719	15,459
Deferred Revenue	50,884,294	1,737,274	52,621,568
Noncurrent Liabilities:			
Due within one year			
General Obligation Bonds Payable	17,034,346	1,165,654	18,200,000
Unamortized Bond Charges	(10,832)	(41,714)	(52,546)
Revenue Bonds Payable	---	465,000	465,000
Notes Payable	5,000	3,573,000	3,578,000
Compensated Absences	2,525,019	330,098	2,855,117
Estimated Liability for Landfill Closure	---	67,583	67,583
Due in more than one year			
General Obligation Bonds Payable	78,799,796	4,785,204	83,585,000
Unamortized Bond Charges	77,957	(659,364)	(581,407)
Notes Payable	15,417	58,328,747	58,344,164
Estimated Post Retirement Benefit Obligation	7,031,563	---	7,031,563
Compensated Absences	948,050	98,606	1,046,656
Estimated Liability for Landfill Closure	---	1,975,720	1,975,720
Total Liabilities	168,749,729	78,871,051	247,620,780
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	201,725,694	81,233,654	282,959,348
Restricted for:			
Capital Improvements	17,324,318	---	17,324,318
Debt Service	3,203,515	486,158	3,689,673
Endowment, non-expendable	971,321	---	971,321
Total Restricted	21,499,154	486,158	21,985,312
Unrestricted	46,553,214	13,286,975	59,840,189
Total Net Assets	\$ 269,778,062	\$ 95,006,787	\$ 364,784,849

The notes to the financial statements are an integral part of this statement.

**CITY OF SIOUX CITY, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Public Safety	\$ 30,260,933	\$ 351,518	\$ 1,360,917	\$ 111,302
Public Works	19,638,707	3,911,984	9,081,130	3,849,079
Culture and Recreation	17,340,040	5,251,614	182,679	31,281
Community and Economic Development	25,630,391	1,030,980	8,429,756	355,283
General Government	13,073,878	9,436,829	108,612	297,791
Debt Service	6,490,067	---	---	69,680
Total Governmental Activities	112,434,016	19,982,925	19,163,094	4,714,416
Business-Type Activities:				
Airport	3,613,044	1,707,199	1,059,393	---
Water	8,878,234	10,308,555	---	---
Sewer	12,815,794	14,206,172	---	---
Solid Waste	4,721,183	4,754,467	2,718	---
Parking	1,425,352	1,158,055	---	---
Skyway System	303,892	303,892	---	---
Total Business-Type Activities	31,757,499	32,438,340	1,062,111	---
Total Functions/Programs	\$ 144,191,515	\$ 52,421,265	\$ 20,225,205	\$ 4,714,416
General Revenues:				
Property Taxes				
Franchise Taxes				
Hotel-Motel Taxes				
Local Option Sales Taxes				
Interest				
Revenue from Sale of Uncapitalized Property				
Miscellaneous				
Net Gain on Sale of Capital Assets				
Transfers				
Total General Revenues and Transfers				
Changes in Net Assets				
Net Assets - Beginning of Year Before Prior Period Adjustments				
Prior Period Adjustment				
Net Assets - Beginning of Year After Prior Period Adjustments				
Net Assets - End of Year				

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2

**Net (Expenses) Revenues and Changes in Net
Assets**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (28,437,196)	\$ ---	\$ (28,437,196)
(2,796,514)	---	(2,796,514)
(11,874,466)	---	(11,874,466)
(15,814,372)	---	(15,814,372)
(3,230,646)	---	(3,230,646)
(6,420,387)	---	(6,420,387)
<u>(68,573,581)</u>	<u>---</u>	<u>(68,573,581)</u>
---	(846,452)	(846,452)
---	1,430,321	1,430,321
---	1,390,378	1,390,378
---	36,002	36,002
---	(267,297)	(267,297)
---	---	---
---	<u>1,742,952</u>	<u>1,742,952</u>
<u>\$ (68,573,581)</u>	<u>\$ 1,742,952</u>	<u>\$ (66,830,629)</u>
47,592,848	---	47,592,848
2,793,497	---	2,793,497
951,260	---	951,260
10,521,527	---	10,521,527
3,296,165	735,839	4,032,004
230,112	---	230,112
2,355,707	250,220	2,605,927
2,035,150	65,356	2,100,506
(758,753)	758,753	---
<u>69,017,513</u>	<u>1,810,168</u>	<u>70,827,681</u>
443,932	3,553,120	3,997,052
269,334,130	91,559,527	360,893,657
---	(105,860)	(105,860)
<u>269,334,130</u>	<u>91,453,667</u>	<u>360,787,797</u>
<u>\$ 269,778,062</u>	<u>\$ 95,006,787</u>	<u>\$ 364,784,849</u>

**CITY OF SIOUX CITY, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

ASSETS	General	Other Employee Benefits	Local Option Sales Tax
Cash and Cash Equivalents	\$ 6,460,036	\$ 411,937	\$ 437,175
Investment in Joint Venture	100,519	---	---
Accounts Receivable	589,133	---	9,889
Accrued Interest Receivable	291,676	---	5,693
Notes Receivable	30,800	---	355,331
Special Assessments	---	---	---
Due from Other Governments	20,081,735	14,815,203	1,610,363
Due from Other Funds	1,291,940	---	---
Inventories	---	---	---
Prepaid Items	---	---	---
Notes Receivable from Other Funds	---	---	---
Total Assets	<u>28,845,839</u>	<u>15,227,140</u>	<u>2,418,451</u>
LIABILITIES			
Accounts Payable	197,942	3,751	---
Accrued Wages	1,006,648	---	---
Contracts and Retainers Payable	31,740	---	---
Due to Other Governments	5,597	---	---
Due to Other Funds	8,413	---	---
Matured Bonds and Coupons Payable	---	---	---
Deferred Revenue	19,529,527	14,627,227	---
Total Liabilities	<u>20,779,867</u>	<u>14,630,978</u>	<u>---</u>
FUND BALANCES			
Reserved for:			
Capital Improvements	---	---	---
Debt Service	---	---	---
Encumbrances	237,657	---	---
Endowment, non-expendable	---	---	---
Inventories	---	---	---
Joint Venture	100,519	---	---
Long-Term Notes Receivable	30,800	---	355,331
Prepaid Items	---	---	---
Unreserved, undesignated reported in:			
General Fund	7,696,996	---	---
Special Revenue Funds	---	596,162	2,063,120
Total Fund Balances	<u>8,065,972</u>	<u>596,162</u>	<u>2,418,451</u>
Total Liabilities and Fund Balances	<u>\$ 28,845,839</u>	<u>\$ 15,227,140</u>	<u>\$ 2,418,451</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3

Debt Service	Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 2,959,551	\$ 34,169,050	\$ 7,767,945	\$ 52,205,694
---	---	---	100,519
38,950	110,834	266,948	1,015,754
274	544	158,871	457,058
252,182	9,986,604	7,003,037	17,627,954
834,462	---	---	834,462
16,282,154	1,709,355	2,884,106	57,382,916
31,868	---	47,660	1,371,468
---	---	107,046	107,046
---	---	356,818	356,818
---	---	---	---
<u>20,399,441</u>	<u>45,976,387</u>	<u>18,592,431</u>	<u>131,459,689</u>
---	700,355	1,197,573	2,099,621
---	11,732	261,715	1,280,095
---	3,292,613	103,126	3,427,479
---	---	46,704	52,301
---	489,527	1,188,247	1,686,187
1,740	---	---	1,740
16,940,613	---	684,003	51,781,370
<u>16,942,353</u>	<u>4,494,227</u>	<u>3,481,368</u>	<u>60,328,793</u>
---	17,324,318	---	17,324,318
3,203,515	---	---	3,203,515
1,391	14,171,238	506,165	14,916,451
---	---	971,321	971,321
---	---	107,046	107,046
---	---	---	100,519
252,182	9,986,604	7,003,037	17,627,954
---	---	356,818	356,818
---	---	---	7,696,996
---	---	6,166,676	8,825,958
<u>3,457,088</u>	<u>41,482,160</u>	<u>15,111,063</u>	<u>71,130,896</u>
<u>\$ 20,399,441</u>	<u>\$ 45,976,387</u>	<u>\$ 18,592,431</u>	<u>\$ 131,459,689</u>

CITY OF SIOUX CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances - Governmental Funds (Exhibit 3)		\$ 71,130,896
Infrastructure, property and equipment used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:		
Land	39,065,907	
Construction in Progress	44,035,271	
Infrastructure, net of \$36,303,979 accumulated depreciation	92,723,320	
Buildings, net of \$17,361,230 accumulated depreciation	68,382,862	
Buildings under Capital Lease, net of \$4,029,375 accumulated depreciation	3,645,625	
Improvements other than Buildings, net of \$8,188,292 accumulated depreciation	39,337,568	
Equipment, net of \$12,265,967 accumulated depreciation	<u>1,907,792</u>	
Total Capital Assets		289,098,345
Internal Service funds (See Exhibit 5) are used by management to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair and replacement of the City's fleet and are included in the Statement of Net Assets.		8,136,911
Deferred Revenues that provide current financial resources for governmental activities.		897,076
Accrued interest expense from the balance sheet that requires current financial resources for governmental activities.		(314,265)
Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		
Bond Issue Costs	343,771	
Bond Discount	97,864	
Bond Premium	<u>(508,760)</u>	
Total Bond Issue Costs (See Note 7)		(67,125)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(95,834,142)	
Notes Payable	(20,417)	
Compensated Absences	<u>(3,249,217)</u>	
Total Long-term Liabilities (See Note 7)		(99,103,776)
Total Net Assets - Governmental Activities (Exhibit 1)		<u>\$ 269,778,062</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF SIOUX CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>REVENUES</u>	General	Other Employee Benefits	Local Option Sales Tax
Taxes	\$ 23,467,033	\$ 13,758,708	\$ 10,521,527
Special Assessments	180,344	---	---
Regulatory Fees	1,347,989	---	---
Intergovernmental Revenue	1,558,435	---	---
Revenue from Use of Property	359,805	---	---
Charges for Services	4,709,384	---	---
Interest	2,461,501	---	10,897
Contributions	226,364	---	---
Miscellaneous	210,027	305	9,889
Total Revenue	34,520,882	13,759,013	10,542,313
<u>EXPENDITURES</u>			
Current:			
Public Safety	27,623,904	740,687	---
Public Works	1,906,248	---	---
Culture and Recreation	6,929,353	189,373	---
Community and Economic Development	2,461,519	58,793	163,000
General Government	3,189,606	45,242	---
Debt Service	---	---	---
Capital Projects	---	---	---
Total Expenditures	42,110,630	1,034,095	163,000
Excess (Deficiency) of Revenues Over Expenditures	(7,589,748)	12,724,918	10,379,313
<u>OTHER FINANCING SOURCES (USES)</u>			
Issuance of Debt	---	---	---
Issuance of Refunding Bonds	---	---	---
Payment for Refunded Bonds	---	---	---
Premiums on Bonds Issued	---	---	---
Proceeds from the Sale of Capitalized Assets	---	---	---
Transfers In	17,012,920	---	130,000
Transfers Out	(8,914,303)	(12,577,034)	(11,264,225)
Total Other Financing Sources (Uses)	8,098,617	(12,577,034)	(11,134,225)
Net Change in Fund Balance	508,869	147,884	(754,912)
Fund Balance - Beginning of Year	7,557,103	448,278	3,173,363
Fund Balance - End of Year	\$ 8,065,972	\$ 596,162	\$ 2,418,451

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4

Debt Service	Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 13,456,506	\$ ---	\$ 663,241	\$ 61,867,015
69,680	---	10,945	260,969
---	---	---	1,347,989
---	4,727,775	17,487,546	23,773,756
---	112,722	3,701,049	4,173,576
---	---	3,124,484	7,833,868
81,084	351,098	247,259	3,151,839
---	31,281	---	257,645
1,085,838	---	612,463	1,918,522
14,693,108	5,222,876	25,846,987	104,585,179
---	---	---	28,364,591
---	---	11,884,978	13,791,226
---	---	7,592,712	14,711,438
---	---	8,153,432	10,836,744
---	---	---	3,234,848
22,388,045	---	---	22,388,045
---	34,288,621	---	34,288,621
22,388,045	34,288,621	27,631,122	127,615,513
(7,694,937)	(29,065,745)	(1,784,135)	(23,030,334)
612,266	23,966,734	---	24,579,000
11,710,323	---	---	11,710,323
(11,840,323)	---	---	(11,840,323)
414,731	---	---	414,731
---	2,280,333	---	2,280,333
12,550,452	7,856,690	7,478,295	45,028,357
(4,050,822)	(3,930,424)	(5,478,601)	(46,215,409)
9,396,627	30,173,333	1,999,694	25,957,012
1,701,690	1,107,588	215,559	2,926,678
1,755,398	40,374,572	14,895,504	68,204,218
\$ 3,457,088	\$ 41,482,160	\$ 15,111,063	\$ 71,130,896

CITY OF SIOUX CITY, IOWA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE TO THE STATEMENT OF ACTIVITIES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Governmental Funds (Exhibit 4) \$ 2,926,678

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$18,954,095) exceeded depreciation (\$8,413,106) in the current period. 10,540,989

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain or (loss) on the disposal of fixed assets. This is the effect on the change in net assets on the statement of activities. (1,874,953)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (122,195)

Accrued interest expense that does not require current financial resources. (35,286)

Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in the long-term compensated absences for the year was: (126,187)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when new debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Debt Issued:			
General Obligation Bonds		(24,579,000)	
Refunding Bonds		(11,710,323)	
Bond Costs		128,990	
Bond Premium		(414,731)	
Repayments:			
General Obligation Bonds		15,875,701	
Refunding Bonds		11,840,323	
Bond Charges		(76,010)	
Notes Payable		4,583	
Net Adjustment (See Note 7)		(8,930,467)	

Internal Service funds (See Exhibit 6) are used by the City to fund and maintain the City's insurance policies provided to user departments and for the maintenance, repair and replacement of the City's equipment and are included in the Statement of Net Assets. The net expense of the Internal Service funds is reported with governmental activities. (1,934,647)

Changes in Net Assets - Governmental Activities (Exhibit 2) \$ 443,932

The notes to the financial statements are an integral part of this statement.

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CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	<u>Business-Type Activities</u>	
	<u>Airport</u>	<u>Water System</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 479,451	\$ 1,728,469
Accounts Receivable	44,829	1,996,076
Accrued Interest Receivable	1,559	11,930
Notes Receivable - Current	---	---
Due from Other Governments	1,441,002	113,577
Due from Other Funds	---	411,730
Inventories, at Cost	---	---
Restricted Assets:		
Cash and Cash Equivalents	---	486,158
Total Current Assets	1,966,841	4,747,940
<u>Non-Current Assets</u>		
Notes Receivable - Long-term	1,000	---
Capital Assets, Net of Accumulated Depreciation	24,343,368	45,681,103
Total Assets	26,311,209	50,429,043
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts Payable	259,600	645,423
Accrued Wages and Compensated Absences	111,187	267,071
Accrued Interest Payable	3,563	68,742
Contracts and Retainers Payable	28,883	504,205
Due to Other Governments	---	115,482
Due to Other Funds	31,868	---
Estimated Liability for Damage Claims	---	---
Current Portion of G.O. Bonds	250,558	169,344
Current Portion of Revenue Bonds	---	465,000
Current Portion of Notes Payable	---	1,329,000
Matured Bonds and Coupons Payable	---	6,050
Deferred Revenues	---	---
Total Current Liabilities	685,659	3,570,317
<u>Non-Current Liabilities</u>		
Post Employment Benefit Obligation	---	---
Estimated Liability for Landfill Closure	---	---
General Obligation Bonds, Net of Current Portion	863,029	236,471
Unamortized Charges	---	(237,935)
Notes Payable, Net of Current Portion	---	24,932,391
Total Liabilities	1,548,688	28,501,244
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	23,229,781	18,548,897
Restricted for Debt Service	---	486,158
Unrestricted	1,532,740	2,892,744
Total Net Assets	\$ 24,762,521	\$ 21,927,799

The notes to the financial statement are an integral part of this statement.

EXHIBIT 5

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 7,313,891	\$ 2,847,244	\$ 1,554,571	\$ 13,923,626	\$ 10,655,489
2,381,950	664,310	251,568	5,338,733	57,978
29,951	15,610	4,134	63,184	13,512
---	790,354	---	790,354	136,145
1,851,514	2,712	---	3,408,805	---
33,037	---	8,811	453,578	---
---	---	---	---	310,912
---	---	---	486,158	---
11,610,343	4,320,230	1,819,084	24,464,438	11,174,036
---	---	---	1,000	---
67,679,178	2,039,350	9,808,260	149,551,259	8,481,908
79,289,521	6,359,580	11,627,344	174,016,697	19,655,944
77,407	46,173	72,520	1,101,123	254,000
114,249	1,607	49,234	543,348	231,072
103,377	262	8,423	184,367	---
3,907,119	337,653	597,488	5,375,348	3,147
112,746	27,814	---	256,042	---
---	---	106,991	138,859	---
---	---	---	---	3,999,251
342,415	12,658	390,679	1,165,654	---
---	---	---	465,000	---
2,244,000	---	---	3,573,000	---
56	---	7,613	13,719	---
---	757,274	980,000	1,737,274	---
6,901,369	1,183,441	2,212,948	14,553,734	4,487,470
---	---	---	---	7,031,563
---	2,043,303	---	2,043,303	---
1,373,201	63,206	2,249,297	4,785,204	---
(463,143)	---	---	(701,078)	---
33,396,356	---	---	58,328,747	---
41,207,783	3,289,950	4,462,245	79,009,910	11,519,033
30,323,206	1,963,486	7,168,284	81,233,654	8,481,908
---	---	---	486,158	---
7,758,532	1,106,144	(3,185)	13,286,975	(344,997)
\$ 38,081,738	\$ 3,069,630	\$ 7,165,099	\$ 95,006,787	\$ 8,136,911

**CITY OF SIOUX CITY, IOWA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Business-Type Activities</u>	
	<u>Airport</u>	<u>Water System</u>
<u>OPERATING REVENUES</u>		
Revenue from Use of Property	\$ 1,186,265	\$ 70,025
Charges for Service	520,934	10,238,530
Total Operating Revenues	1,707,199	10,308,555
<u>OPERATING EXPENSES</u>		
Employee Services	1,121,706	3,589,142
Supplies and Services	399,975	803,383
Repairs and Improvements	215,550	913,598
Utilities	136,215	457,114
Depreciation	1,679,651	2,196,533
Damage Settlement	---	---
Total Operating Expenses	3,553,097	7,959,770
Operating Income (Loss)	(1,845,898)	2,348,785
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
Intergovernmental Revenue	1,059,393	---
Interest Income	9,824	210,258
Gain (Loss) on Sale of Capital Assets	(1,462)	65,356
Other Non-Operating Revenues	250,220	---
Interest Expense	(58,485)	(832,203)
Other Non-Operating Expenses	---	(86,261)
Total Non-Operating Revenues (Expenses)	1,259,490	(642,850)
Income (Loss) before Transfers	(586,408)	1,705,935
Transfers In	380,000	100,000
Transfers Out	---	---
Changes in Net Assets	(206,408)	1,805,935
Net Assets - Beginning of the Year before Prior Period Adjustments	24,968,929	20,121,864
Prior Period Adjustments	---	---
Net Assets - Beginning of the Year after Prior Period Adjustments	24,968,929	20,121,864
Net Assets - End of Year	\$ 24,762,521	\$ 21,927,799

The notes to the financial statements are an integral part of this statement.

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 10,048	\$ 146,739	\$ ---	\$ 1,413,077	\$ 86,022
14,196,124	4,607,728	1,461,947	31,025,263	22,112,444
14,206,172	4,754,467	1,461,947	32,438,340	22,198,466
2,258,361	141,770	511,463	7,622,442	15,712,437
5,496,415	3,946,489	539,010	11,185,272	1,168,786
1,326,570	424,992	187,720	3,068,430	4,830,976
101,623	23,704	60,291	778,947	36,475
2,670,831	180,616	318,328	7,045,959	2,803,243
---	---	---	---	771,638
11,853,800	4,717,571	1,616,812	29,701,050	25,323,555
2,352,372	36,896	(154,865)	2,737,290	(3,125,089)
---	2,718	---	1,062,111	---
281,380	187,173	47,204	735,839	144,326
---	---	---	63,894	333,294
---	---	---	250,220	284,523
(792,605)	(3,612)	(112,432)	(1,799,337)	---
(169,389)	---	---	(255,650)	---
(680,614)	186,279	(65,228)	57,077	762,143
1,671,758	223,175	(220,093)	2,794,367	(2,362,946)
---	5,025	300,000	785,025	428,299
(26,272)	---	---	(26,272)	---
1,645,486	228,200	79,907	3,553,120	(1,934,647)
36,542,112	2,841,430	7,085,192	91,559,527	10,071,558
(105,860)	---	---	(105,860)	---
36,436,252	2,841,430	7,085,192	91,453,667	10,071,558
\$ 38,081,738	\$ 3,069,630	\$ 7,165,099	\$ 95,006,787	\$ 8,136,911

CITY OF SIOUX CITY, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Business-Type Activities</u>	
	<u>Airport</u>	<u>Water System</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Received from Customers	\$ 1,792,664	\$ 10,238,227
Cash Paid for Personal Services	(1,131,002)	(3,625,006)
Cash Paid to Suppliers	(861,014)	(2,189,670)
Other Non-Operating Revenues	250,220	---
Net Cash Provided (Used) by Operating Activities	50,868	4,423,551
<u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Acquisition and Construction of Capital Assets	(447,523)	(5,154,262)
Proceeds from Sale of Assets	---	70,031
Proceeds from Bond Sales	21,000	---
Bond Issuance Costs	---	(71,356)
Proceeds from Notes Payable	---	2,109,439
Principal Paid on Notes and Bonds	(276,318)	(2,230,921)
Interest Paid on Notes and Bonds	(59,600)	(867,499)
Net Cash Provided (Used) by Capital and Related Financing Activities	(762,441)	(6,144,568)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Intergovernmental Revenue	244,332	---
Transfers In	380,000	100,000
Transfers Out	---	---
Net Cash Provided (Used) by Non-Capital Financing Activities	624,332	100,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest and Dividends on Investments	12,498	230,362
Payments Received on Notes Receivable	---	---
Net Cash Provided By Investing Activities	12,498	230,362
Net Increase (Decrease) in Cash and Cash Equivalents	(74,743)	(1,390,655)
Cash and Cash Equivalents at Beginning of Year	554,194	3,605,282
Cash and Cash Equivalents at End of Year	\$ 479,451	\$ 2,214,627
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>		
<u>PROVIDED BY OPERATING ACTIVITIES</u>		
Operating Income (Loss)	\$ (1,845,898)	\$ 2,348,785
Adjustments to Reconcile Net Operating Income(Loss)		
to Net Cash Provided by Operating Activities:		
Depreciation	1,679,651	2,196,533
(Increase) Decrease in Assets and Increase (Decrease) in Liabilities:		
Accounts Receivable	85,465	329,672
Other Non-Operating Revenue	250,220	---
Due from Other Governments	---	---
Due from Other Funds	---	(400,000)
Inventories	---	---
Accounts Payable	206,375	59,491
Accrued Wages and Compensated Absences	(9,296)	(35,864)
Contracts and Retainers Payable	(285,567)	(66,430)
Due to Other Governments	---	(8,507)
Due to Other Funds	1,006	(129)
Deferred Revenue	---	---
Post Retirement Benefit Obligation	---	---
Estimated Liability for Landfill Closure	---	---
Estimated Liability for Damage Claims	---	---
Notes Payable to Other Funds	(31,088)	---
Total Adjustments	1,896,766	2,074,766
Net Cash Provided (Used) by Operating Activities	\$ 50,868	\$ 4,423,551
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF</u>		
<u>NET ASSETS:</u>		
Cash and Cash Equivalents - Current Assets	\$ 479,451	\$ 1,728,469
Cash and Cash Equivalents - Restricted Assets	---	486,158
Cash and Cash Equivalents at End of Year	\$ 479,451	\$ 2,214,627
<u>NONCASH FINANCING ACTIVITIES:</u>		
Bonds Repaid with Issuance of Refunding Bonds	\$ 416,131	\$ 219,097

The notes to the financial statements are an integral part of this statement.

Business-Type Activities				Governmental Activities
Sewer System	Solid Waste System	Nonmajor Enterprise Funds	Totals	Internal Service Funds
\$ 14,043,167	\$ 4,756,263	\$ 1,518,865	\$ 32,349,186	\$ 22,249,123
(2,238,989)	(140,163)	(519,004)	(7,654,164)	(15,680,560)
(4,342,017)	(4,965,649)	346,025	(12,012,325)	(2,941,749)
---	---	---	250,220	284,523
7,462,161	(349,549)	1,345,886	12,932,917	3,911,337
(26,258,968)	67,550	(5,384,415)	(37,177,618)	(2,283,847)
---	---	---	70,031	429,595
---	---	300,000	321,000	---
(142,580)	---	---	(213,936)	---
19,827,319	---	---	21,936,758	---
(2,011,856)	(12,659)	(328,545)	(4,860,299)	---
(735,099)	(3,655)	(112,919)	(1,778,772)	---
(9,321,184)	51,236	(5,525,879)	(21,702,836)	(1,854,252)
---	1,144	---	245,476	---
---	5,025	300,000	785,025	428,299
(26,272)	---	---	(26,272)	---
(26,272)	6,169	300,000	1,004,229	428,299
306,840	187,991	80,348	818,039	149,706
---	374,913	---	374,913	34,574
306,840	562,904	80,348	1,192,952	184,280
(1,578,455)	270,760	(3,799,645)	(6,572,738)	2,669,664
8,892,346	2,576,484	5,354,216	20,982,522	7,985,825
\$ 7,313,891	\$ 2,847,244	\$ 1,554,571	\$ 14,409,784	\$ 10,655,489
\$ 2,352,372	\$ 36,896	\$ (154,865)	\$ 2,737,290	\$ (3,125,089)
2,670,831	180,616	318,328	7,045,959	2,803,243
(163,005)	1,796	57,090	311,018	20,779
---	---	---	250,220	284,523
---	---	---	---	29,878
---	---	(172)	(400,172)	---
---	---	---	---	(54,140)
(34,054)	(37,969)	27,726	221,569	(99,838)
19,372	1,607	(7,541)	(31,722)	20,379
2,576,100	(91,348)	112,126	2,244,881	(7,576)
40,545	3,290	---	35,328	---
---	---	13,194	14,071	(103)
---	(422,665)	980,000	557,335	---
---	---	---	---	3,651,762
---	(21,772)	---	(21,772)	---
---	---	---	---	387,519
---	---	---	(31,088)	---
5,109,789	(386,445)	1,500,751	10,195,627	7,036,426
\$ 7,462,161	\$ (349,549)	\$ 1,345,886	\$ 12,932,917	\$ 3,911,337
\$ 7,313,891	\$ 2,847,244	\$ 1,554,571	\$ 13,923,626	\$ 10,655,489
---	---	---	486,158	---
\$ 7,313,891	\$ 2,847,244	\$ 1,554,571	\$ 14,409,784	\$ 10,655,489
\$ 634,133	\$ -	\$ 460,316	\$ 1,729,677	\$ -

**CITY OF SIOUX CITY, IOWA
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

ASSETS

Cash and Cash Equivalents	\$ 1,542,149
Accounts Receivable	<u>64,242</u>
Total Assets	<u>1,606,391</u>

LIABILITIES

Accounts Payable	201,138
Due to Other Governments	<u>1,405,253</u>
Total Liabilities	<u>1,606,391</u>
Total Net Assets	<u>\$ ---</u>

The notes to the financial statements are an integral part of this statement.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The City of Sioux City, Iowa, was incorporated May 5, 1855, under the laws of the State of Iowa, later amended by the Home Rule City Act. The City operates under the Council-Manager form of government and provides the following program services as authorized by its charter: public safety, public works, culture and recreation, community and economic development, and general government. These program services are administered by departments, agencies and various boards.

These financial statements have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) that apply to governmental units. All funds created under the authority of the State Code of Iowa, the operations of which are under the control of the City's governing body, and by financial reporting standards for governmental units are included herewith.

The Governmental Accounting Standards Board is responsible for establishing U.S. GAAP for state and local government through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its business-type activities. The more significant accounting policies established in U.S. GAAP and used by the City are discussed below.

The City of Sioux City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the City.

The City of Sioux City does not include any component units within its reporting entity.

The City participates in jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. The City is a member of the County Assessor's Conference Board and the City Assessor's Conference Board.

B. Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects, and permanent funds are classified as governmental activities. The City's internal service fund is classified as a governmental-type activity. The government-wide financial statements do not include fiduciary funds.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, and Debt Service), and business-type activities. These expenses are supported by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds, which should have a specific community focus. The non-major funds are combined into a single column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

Governmental Fund Types –The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation. The General Fund is a major fund.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Funds for Sioux City include: Other Employee Benefits, Emergency Fund, Storm Water Drainage, Road Use, Community Development, Housing, Main Street, Youngers Self-Improvement District, Local Option Sales Tax, Convention Center/Auditorium, and Transit System. Two of the Special Revenue Funds are considered major funds: the Other Employee Benefits Fund is used to account for the City's employee benefits tax levy and the Local Option Sales Tax Fund is used to account for the City's 1% local option sales tax.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is a major fund.

Capital Projects Fund - Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Fiduciary Funds). The Capital Projects Fund is a major fund.

Permanent Fund - The Permanent Fund is a maintenance account for assets held by the City pursuant to the cemetery trust agreement in which the City cares for its cemeteries. The City maintains the principal portion of this fund type must remain intact and only the income shall be used for the care and maintenance of its cemeteries.

Proprietary Fund Types - The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The funds reported as enterprise funds are listed below.

Airport Fund - The Airport Fund accounts for the operation and maintenance of the City's airport facility. The Airport Fund is a major fund.

Water Fund - The Water Utility Fund accounts for the operation and maintenance of the City's water system. The Water Fund is a major fund.

Sewer Fund - The Sewer Utility Fund accounts for the operation and maintenance of the City's sewer system. The Sewer Fund is a major fund.

Solid Waste Fund - The Solid Waste Fund accounts for the operation and maintenance of the City's solid waste facilities. The Solid Waste Fund is a major fund.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

Enterprise Funds – (Continued)

Parking Fund - The Parking Fund accounts for the operations of the City-owned parking ramps and other parking facilities.

Skyway System - The Skyway System accounts for the maintenance and security of the skyway system.

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis.

The City's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Central Maintenance Garage - The Central Maintenance Garage Fund accounts for maintenance and repair services for the City's automotive equipment and acquisition of replacement vehicles.

Comprehensive Insurance - The Comprehensive Insurance Fund accounts for the funding and maintenance of the City's insurance policies provided to user departments.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements.

Sioux City Housing Trust Fund – This fund accounts for the activity of the Sioux City Housing Trust Fund.

Revolving Fund – This fund accounts for refunds to City customers.

WCICC Fund – This fund accounts for the activity of the Woodbury County Information Communication Center (WCICC).

Museum Building Property Inc. Fund – This fund accounts for the activity of Museum Building Property, Inc.

SHARP Fund – This fund accounts for the activities of the Siouxland Historic Auditorium Restoration Project (SHARP).

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 60-day availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

Chapter 384, Section 16, of the State Code of Iowa requires the adoption of an annual budget on or before March 15 of each year, which becomes effective July 1 and constitutes the appropriation for each program specified therein until amended. The City budget may be amended for specified level purposes and budget amendments must be prepared and adopted in the same manner as the original budget. Appropriations, as adopted and amended, lapse at the end of the fiscal year, with the exception of Capital Improvement Projects and Encumbrances. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. The City's budget is prepared on the modified accrual basis of accounting. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level for all funds combined rather than at the individual fund level. This level of control is at a level higher than the individual fund. It is necessary, therefore, to aggregate the expenditures of governmental fund types with expenses of proprietary fund types on a program level basis and to compare such program totals to program budgeted totals in order to demonstrate legal compliance with budget. Legal budget compliance for cities in the State of Iowa is applied only to expenditures.

F. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents include not only currency on hand, but also demand deposits with banks or other financial institutions. Cash also includes deposits in the cash management pool, which has the general characteristics of a demand deposit account.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

Iowa Code, Chapter 452.10, Custody of Public Funds, allows the City Treasurer to invest public funds not needed for operations. Chapter 97B.7, Trustees duties, indicates that the City Treasurer shall exercise the judgment and care, under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Common, preferred, and guaranteed stock is an exception for the investment of public funds.

The City follows the provisions of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments for External Investment Pools". The City used the following methods in determining the reported amounts: Commercial paper – quoted fair value, U.S. Treasuries – quoted fair value, U.S. Agencies – quoted fair value.

G. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2008, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

H. Notes Receivable From Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as notes receivable.

I. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental and proprietary fund type inventories are recorded as expenditures when consumed rather than when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008 are recorded as prepaid items.

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds.

L. Capital Assets

Assets with an initial individual cost of \$10,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings & Structures	39 - 50 Years
Machinery & Equipment.....	3 - 10 Years
Infrastructure	15 - 70 Years

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 1 - (Continued)

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when the employees separate from service with the exception of employees of the Transit System. All Transit System employees who are covered by the Amalgamated Transit Union receive, upon retirement or death, a sick leave benefit of up to 120 days of paid sick leave.

N. Fund Equity

Reserves represent those portions of fund equity legally segregated for specific use in the future.

O. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 2 - Deposits and Investments

State statutes authorize the City to invest in "notes, certificates, bonds, prime eligible bankers acceptances, commercial paper rated within the two highest classifications of prime as established by at least one of the standard rating services approved by the Superintendent of Banking pursuant to Chapter 17A, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits in depositories as provided in Chapter 12B and receive the time certificates of deposit for the funds, certain registered open-end management investment companies, certain joint investment trusts or in savings accounts in depositories, or in warrants or improvement certificates of drainage districts." Additionally, as required by statute, the City Council has implemented an investment policy for the City. This policy does not specifically limit those authorized by statute, but does express the Council's preferences as to maturities, trading and location of financial institutions invested in. Investments during the year have not varied from these statutes and were consistent with those held by the City at year-end.

Deposits

The City's deposits at June 30, 2008 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the City or the City's agent in the City's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The City's bank deposits, per banks, at June 30, 2008 were \$66,370,657. These deposits have a book balance of \$61,395,295.

Investments

Investments are shown at fair value, except those that have a remaining maturity at the time of purchase of one year or less are shown at amortized costs. Presented below are the ratings, where applicable, by investment type as of June 30, 2008.

Investments	Carrying Amount	S&P Rating 6/30/08
U.S. Treasury Strips	\$412,176	N/A
U.S. Agencies	<u>16,992,747</u>	N/A
	<u>\$17,404,923</u>	

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 2 - (Continued)

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. It is the City's policy to comply with rating restrictions.

Concentration of credit risk. The City's investment policy does not allow for an investment in any one issuer that is in excess of 5% percent of the City's total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The 2005 Iowa Code Chapter 12C Deposit of Public Funds requires that any bank accepting deposits of public funds to fully collateralize those deposits with the State Treasurer.

Custodial risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the City's investments at June 30, 2008, the City has limited custodial credit risk exposure because all investments of the City must be held for the credit of the City in compliance with Iowa Code Chapter 12B. The counterparty must keep the securities in an account separate and apart from its own.

Cash and Cash Equivalents

The City pools the resources of each individual fund's available cash in order to obtain higher rates of return than could be if the funds were invested individually. The interest earned on the Cash and Cash Equivalents is allocated to selected funds, as determined by the Director of Finance and the City Treasurer, in accordance with the City's investment policy, based on the ratio of each fund's participation in the pool. The Cash and Cash Equivalents at June 30, 2008 consisted of the following:

Reconciliation to Exhibit 1:

	<u>Carrying Amount</u>
Investments	\$17,404,923
Bank Deposits	61,395,295
Cash on hand, petty cash and other cash items	<u>12,898</u>
Total Cash and Cash Equivalents	<u>\$78,813,116</u>
Cash and Cash Equivalents – Exhibit 1	\$76,784,809
Cash and Cash Equivalents Restricted – Exhibit 1	486,158
Cash and Cash Equivalents – Exhibit 8	<u>1,542,149</u>
Total Cash and Cash Equivalents	<u>\$78,813,116</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 3 - Revenue Bond Compliance

The following schedule shows the Revenue bond ordinance covenant ratios:

	<u>WATER SYSTEM</u>
OPERATING REVENUE (CASH BASIS)	
Charges for Service	\$ 10,244,926
OPERATING EXPENSES (CASH BASIS)	
Transmission and Distribution	2,273,075
Pumping and Purification	1,998,274
Administration	1,671,578
Meter Shop and Repair	235,500
Utility Billing	264,192
TOTAL OPERATING EXPENSES	<u>6,442,619</u>
AMOUNT AVAILABLE FOR DEBT SERVICE	<u>\$ 3,802,307</u>
REVENUE BOND PRINCIPAL AND INTEREST	<u>\$ 486,158</u>
REVENUE BOND COVENANT RATIO	<u>7.82</u>

The following requirements were set forth for revenue bonds issued by the Water System issued by the City of Sioux City.

Water
The City has pledged to maintain a reserve fund called the Water Revenue Debt Reserve that is equal to at least the lesser of:
A. Maximum principal and interest coming due in any succeeding fiscal year.
Or
B. 10% of the proceeds of the sale of bonds.
Or
C. 125% of average annual principal and interest on the bonds.

All of the above bond ordinance requirements were met in fiscal year 2008, which resulted in no over or under funding of the required bond funds as of June 30, 2008.

CITY OF SIOUX CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 4 - Receivables

The following schedule details receivables:

<u>Fund Type</u>	<u>Property Taxes</u>	<u>Grants/ Revenue from Other Governments</u>	<u>Accounts Receivable</u>	<u>Notes Receivable</u>	<u>Special Assessments</u>	<u>Total</u>
GENERAL	\$ 19,798,065	\$ 283,670	\$ 589,133	\$ 30,800	\$ ---	\$ 20,701,668
Special Revenues						
Emergency Fund	550,090	---	---	---	---	550,090
Storm Water Drainage	---	---	66,304	---	---	66,304
Road Use	---	583,125	1,112	---	---	584,237
Community Development	---	265,214	---	7,003,037	---	7,268,251
Housing	---	---	57,116	---	---	57,116
Main Street	133,591	---	---	---	---	133,591
Local Option Sales Tax	---	1,610,363	9,889	355,331	---	1,975,583
Events Facilities	---	---	120,166	---	---	120,166
Transit System	---	1,352,086	22,250	---	---	1,374,336
Employee Benefits	14,815,203	---	---	---	---	14,815,203
TOTAL SPECIAL REVENUES	15,498,884	3,810,788	276,837	7,358,368	---	26,944,877
DEBT SERVICE	16,282,154	---	38,950	252,182	834,462	17,407,748
CAPITAL PROJECTS	---	1,709,355	110,834	9,986,604	---	11,806,793
Enterprises						
Airport System	---	1,441,002	44,829	1,000	---	1,486,831
Water System	---	113,577	1,996,076	---	---	2,109,653
Sewer System	---	1,851,514	2,381,950	---	---	4,233,464
Solid Waste System	---	2,712	664,310	790,354	---	1,457,376
Parking Facility	---	---	139,667	---	---	139,667
Skyway System	---	---	111,901	---	---	111,901
TOTAL ENTERPRISE	---	3,408,805	5,338,733	791,354	---	9,538,892
Internal Service Funds						
Central Maintenance Garage	---	---	56,099	136,145	---	192,244
Comprehensive Insurance	---	---	1,879	---	---	1,879
TOTAL INTERNAL SERVICE	---	---	57,978	136,145	---	194,123
TOTAL RECEIVABLES	\$ 51,579,103	\$ 9,212,618	\$ 6,412,465	\$ 18,555,453	\$ 834,462	\$ 86,594,101

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 4 - (Continued)

All property subject to taxation is valued by the City Assessor, in compliance with State law, every two years subject to equalization action of the State Director of Revenue and further adjustment to restrict growth of taxable valuations to an annual limit of four percent statewide.

Taxes are billed and collected for the City of Sioux City by the Woodbury County Treasurer and are levied and due on July 1 of each year. Property taxes attach as an enforceable lien on March 15, also. The first installment becomes delinquent the following October 1 and the second installment becomes delinquent April 1 of the following calendar year. Property tax revenues are recognized when they become available. Available means when due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed sixty days. The maximum rate for the General Fund is \$8.10 per thousand dollars assessed valuation. General Obligation Bonds issued are payable from taxes levied in the Debt Service Fund without limitation as to rate or amount. The City has been at the \$8.10 General Fund limit for the past twenty-eight years.

In fiscal 2006, the City made an agreement with the Sioux City Explorers Baseball Club to set up previous unpaid account balances as a note receivable to be repaid over 10 years. The original amount was \$44,000 with an outstanding balance of \$30,800 as of June 30, 2008.

In fiscal 1983, the City received an Urban Development Action Grant (UDAG) totaling almost \$2,000,000, which was loaned to area businesses for commercial and industrial developments. The City is entitled to all of the funds that are paid back on the loans. These funds can be loaned to other businesses for commercial or industrial development. All loans are secured by mortgages on the related real estate. Only one of the original projects is still outstanding. This loan is to the Call Terminal, L.P. and has an outstanding balance at June 30, 2008 of \$343,302. It carries an interest rate of 4% and calls for annual payments of \$21,975 until December 2031. During fiscal 2003, the City made a new loan under this program to the Civic Partners. Draws were made under this agreement totaling \$1,980,000 and the note was set up with monthly payments beginning in June 2005. Accrued interest on this note from inception until monthly payments began was capitalized into an additional note in June 2005 with an original balance of \$145,421. A third note was given during fiscal 2007 in the amount of \$25,000. These loans carry an interest rate of 6.33% and require total monthly payments of \$14,643 through February 2013 with balloon payments due at maturity. The combined outstanding balance of these notes at June 30, 2008 was \$2,020,579.

The City also has other notes receivable totaling \$514,991 at June 30, 2008, from rehabilitation loans made from Community Development funds. In connection with the Home Program funded by the U.S. Department of Housing and Urban Development the Community Development Fund had notes receivable outstanding of \$4,124,165 from nineteen local businesses.

The Debt Service Fund has a note receivable from the Sioux City Explorers Baseball Club with a balance of \$27,378 at June 30, 2008. The note has a 6% interest rate and calls for annual principal and interest payments of \$7,901 until 2012. Also in the Debt Service Fund is a note receivable from the Green Valley Floyd Golf Corporation with an original amount of \$250,000 for the purchase and installation of a new sprinkler system at Floyd Golf Course. The balance outstanding at June 30, 2008 was \$204,387. The note carries an interest rate of 4.45% and calls for monthly payments of \$2,585 through April 2016. During fiscal 2007, the City also loaned \$25,000 to Staber Meats with money from the state of Iowa under the CEBA loan program. This loan is at 0% and will be repaid over five years. The balance of this loan at June 30, 2008 was \$20,417.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 4 – (Continued)

The City has five loans in the Capital Projects Fund. The City loaned \$120,000 to the Castle on the Hill in December 2003. The purpose of the loan was for the development of affordable housing in the City. The loan carries an interest rate of 1% for a term of 30 years with payments beginning in December 2013. It has a balance that includes capitalized interest as of June 30, 2008 of \$126,752. Two other notes in the Capital Projects Fund are receivable from Siouxland Historic Auditorium Restoration Project LLC (SHARP). These notes funded the construction of the Long Lines Family Recreation Center which is owned by SHARP. The first note had an original balance of \$9,000,000, an interest rate of 6% and calls for monthly payments of \$115,256. The outstanding balance at June 30, 2008 was \$5,461,693. The second note had an original balance of \$4,500,000, an interest rate of 10% and calls for monthly payments of \$91,552. The outstanding balance at June 30, 2008 was \$3,296,235. The City extended two new notes in the Capital Projects fund in fiscal 2008. The first was a \$100,000 note to R&G LLC. The note accrues interest at 4% and calls for one payment of principal and interest on December 1, 2012. The balance, including capitalized interest, was \$101,924 at June 30, 2008. The second was a \$1,000,000 note to the Siouxland Senior Center. The note does not charge interest and is due in annual principal payments beginning on December 1, 2010 with a final balloon payment on December 1, 2017.

The City has a number of notes receivable from economic development incentive packages with local businesses totaling \$355,331. These notes receivables are reported in the Local Option Sales Tax fund.

The Airport Fund has a note receivable of \$1,000 in connection with Trans World Airlines, Inc. bankruptcy proceedings.

The Solid Waste Fund has a note receivable from Gill Hauling with a balance of \$790,354 at June 30, 2008. The note has an interest rate of 3.5% and calls for principal and interest payments of \$102,727 due quarterly with a final maturity date of April 15, 2010.

During fiscal 2007, the Central Maintenance Garage Fund loaned \$200,807 to Green Valley Floyd Golf Corporation for the purchase of new equipment. The note calls for interest at 5% and monthly payments of \$3,789 for 60 months. The balance at June 30, 2008 was \$136,145.

The Water, Sewer, and Solid Waste Funds accrue unbilled revenues rendered subsequent to the last billing date and prior to year end based upon the number of days unbilled compared to the first billing subsequent to year end. At June 30, 2008, unbilled utility revenues included in the accounts receivable of the Water, Sewer and Solid Waste System funds were \$1,191,421, \$1,295,783 and \$387,352, respectively.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 5 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2008, is as follows:

Governmental Activities (including Internal Service Funds):

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$39,199,179	\$768,330	\$ (901,602)	\$39,065,907
Construction in Progress	38,686,686	11,726,561	(6,377,976)	44,035,271
Total capital assets, not being depreciated	<u>77,885,865</u>	<u>12,494,891</u>	<u>(7,279,578)</u>	<u>83,101,178</u>
Capital assets, being depreciated:				
Buildings	86,656,281	902,535	(1,814,724)	85,744,092
Buildings under capital lease	7,675,000	—	—	7,675,000
Improvements other than buildings	47,617,432	2,989,567	—	50,606,999
Equipment	39,280,664	2,676,946	(1,465,295)	40,492,315
Infrastructure	120,475,322	8,551,977	—	129,027,299
Total capital assets, being depreciated	<u>301,704,699</u>	<u>15,121,025</u>	<u>(3,280,019)</u>	<u>313,545,705</u>
Less accumulated depreciation for:				
Buildings	(15,955,945)	(2,246,659)	841,374	(17,361,230)
Buildings under capital lease	(3,837,500)	(191,875)	—	(4,029,375)
Improvements other than buildings	(8,485,385)	(2,538,763)	—	(11,024,148)
Equipment	(28,498,709)	(3,218,184)	1,368,995	(30,347,898)
Infrastructure	(33,283,111)	(3,020,868)	—	(36,303,979)
Total accumulated depreciation	<u>(90,060,650)</u>	<u>(11,216,349)</u>	<u>2,210,369</u>	<u>(99,066,630)</u>
Total capital assets, being depreciated, net	<u>211,644,049</u>	<u>3,904,676</u>	<u>(1,069,650)</u>	<u>214,479,075</u>
Governmental Activities capital assets, net	<u>\$289,529,914</u>	<u>\$16,399,567</u>	<u>\$(8,349,228)</u>	<u>\$297,580,253</u>

The Internal Service Funds and General Capital Assets are combined on the Governmental Activities Statement of Net Assets.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 5 - (Continued)

Business-Type Activities:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008
Capital assets, not being depreciated:				
Land	\$ 2,667,307	\$1,481,710	\$(6,137)	\$4,142,880
Construction in progress	33,581,843	32,248,209	(2,374,421)	63,455,631
Total capital assets, not being depreciated	<u>36,249,150</u>	<u>33,729,919</u>	<u>(2,380,558)</u>	<u>67,598,511</u>
Capital assets, being depreciated:				
Buildings	61,428,632	—	—	61,428,632
Improvements other than buildings	104,427,380	5,684,421	(83,557)	110,028,244
Equipment	5,576,356	221,256	—	5,797,612
Total capital assets, being depreciated	<u>171,432,368</u>	<u>5,905,677</u>	<u>(83,557)</u>	<u>177,254,488</u>
Less accumulated depreciation for:				
Buildings	(50,786,551)	(1,643,743)	—	(52,430,294)
Improvements other than buildings	(33,671,603)	(5,139,494)	—	(38,811,097)
Equipment	(3,797,627)	(262,722)	—	(4,060,349)
Total accumulated depreciation	<u>(88,255,781)</u>	<u>(7,045,959)</u>	<u>—</u>	<u>(95,301,740)</u>
Total capital assets, being depreciated, net	<u>83,176,587</u>	<u>(1,140,282)</u>	<u>(83,557)</u>	<u>81,952,748</u>
Business-Type Activities capital assets, net	<u>\$119,425,737</u>	<u>\$32,589,637</u>	<u>\$(2,464,115)</u>	<u>\$149,551,259</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities

Public Safety	\$704,511
Public Works	3,037,886
Culture and Recreation	2,450,822
Community and Economic Development	281,608
General Government	1,938,279
Internal Service	2,803,243
Total	<u>\$11,216,349</u>

Business-Type Activities

Airport	\$1,679,650
Water	2,196,533
Sewer	2,670,831
Solid Waste	180,617
Parking	318,328
Total	<u>\$7,045,959</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 5 – (Continued)

Reconciliation of Invested in Capital Assets, Net of Related Debt:

	Governmental Activities	Business-type Activities
Capital Assets (net of accumulated depreciation)	\$297,580,253	\$149,551,259
Less: G.O. Bonds Payable	95,834,142	5,950,858
Notes Payable	20,417	61,901,747
Revenue Bonds	---	465,000
Invested in Capital Assets, Net of Related Debt	<u>\$201,725,694</u>	<u>\$81,233,654</u>

Note 6 – Capital Leases

In 1986, the City entered into an agreement with the Siouxland Chamber Foundation to construct the Sioux City Convention Center and lease it back to the City. This original lease expired June 1, 2007 and the title to the facility passed back to the City according to the terms of the lease. On June 1, 2007, another agreement was formed which sold the facility back to the Siouxland Chamber Foundation for \$1 and subsequently leased the facility back to the City again. The new lease terms call for a rental payment of \$1 per year for a term of 5 years. The lease also provides for two 5 year renewal options. Per the agreement, title to the facility will transfer back to the City for no consideration at the termination of the lease. Accordingly, the lease is treated as a capital lease and the leased assets are accounted for in the governmental activities on the statement of net assets. Buildings under capital lease have an original cost of \$7,675,000, accumulated depreciation of \$4,029,375 for a net book value at June 30, 2008 of \$3,645,625.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 7 – Long-Term Debt

NOTES PAYABLE

During fiscal 2007, the City borrowed \$25,000 under the CEBA loan program from the Iowa Department of Economic Development to loan to Staber Meats. The interest rate is 0% and the loan is scheduled to be repaid over five years. The balance at June 30, 2008 was \$20,417.

During fiscal year 1997, the City borrowed funds from the State of Iowa through the Iowa Sewage Treatment Works Financing Program. The City received two low interest notes to help finance the construction of the Southeast Morningside Interceptor Sewer. Both notes are unsecured. The first loan with an original amount of \$1,422,000 has an interest rate of 3.0% and had a balance outstanding at June 30, 2008 of \$620,000. The second loan with an original amount of \$1,363,000 has an interest rate of 3.0% and had a balance outstanding at June 30, 2008 of \$693,000.

During fiscal years 2003 and 2004, the City borrowed funds from the State of Iowa Clean and Drinking Water State Revolving Fund. The City received four notes at 3% interest to make certain improvements to the wastewater treatment and water systems. All four notes are unsecured. The notes were drawn upon as improvements were made. The final draws on the fourth note were made during fiscal 2007 bringing the total amount borrowed under these notes to \$25,000,000 in the Water fund and \$8,000,000 in the Sewer fund. The outstanding balances as of June 30, 2008 were \$20,533,000 in the Water fund and \$6,419,000 in the Sewer fund.

During fiscal 2006, the City obtained a \$31,000,000 note from the State of Iowa Clean and Drinking Water State Revolving Fund. The loan is at 3% and is unsecured. The loan is to be drawn upon as the funds are spent on the improvements. The loan has not been fully drawn as of June 30, 2008 and has a remaining balance available to draw of \$3,504,509. The outstanding balance on the note as of June 30, 2008 was \$26,345,491 in the Sewer fund.

During fiscal 2007, the City obtained a note with the State of Iowa Clean and Drinking Water State Revolving Fund in the amount of \$6,000,000 with a 3% interest rate. The loan is to be drawn upon as improvements are made. The loan has not been fully drawn as of June 30, 2008 and has a remaining balance to be drawn of \$15,609. The outstanding balance of the note as of June 30, 2008 was \$5,728,391 in the Water fund.

During fiscal 2008, the City obtained a note with the State of Iowa Clean and Drinking Water State Revolving Fund in the amount of \$15,000,000 with a 3% interest rate. The loan is to be drawn upon as improvements are made. The loan has not been fully drawn as of June 30, 2008 and has a remaining balance to be drawn of \$13,437,135. The outstanding balance of the note as of June 30, 2008 was \$1,562,865 in the Sewer fund.

Annual debt service requirements to maturity for the above notes payable are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$5,000	\$ ---	\$ 3,573,000	\$1,961,576
2010	5,000	---	3,682,000	1,854,386
2011	5,000	---	3,631,865	1,743,926
2012	5,000	---	3,300,000	1,636,050
2013	417	---	3,401,000	1,537,050
2014-2018	---	---	18,098,000	6,103,350
2019-2023	---	---	20,420,000	3,271,500
2024-2026	---	---	5,795,882	577,357
Total	<u>\$20,417</u>	<u>\$ ---</u>	<u>\$61,901,747</u>	<u>\$18,685,195</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 7 - (Continued)

GENERAL OBLIGATION BONDS

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

The City issued new bonds during fiscal 2008 as follows:

On November 26, 2007, the City sold general obligation bonds in three series. Series A was for \$9,385,000. The bonds were sold to Robert W. Baird & Co. Inc. for \$9,544,597. The bonds have a true interest rate of 3.6710% with principal payments due June 1 of the years 2009 through 2018. Series B was for \$4,525,000. The bonds were sold to First Trust Portfolios, L.P. for \$4,593,907. The bonds have a true interest rate of 3.7046% with principal payments due June 1 of the years 2009 through 2018. Series C was for \$10,990,000. The bonds were sold to Griffin, Kubik, Stephens & Thompson for \$11,010,862. The bonds have a true interest rate of 4.9610% with principal payments due June 1 of the years 2009 through 2018.

On March 17, 2008, the City sold general obligation refunding bonds totaling \$13,440,000. The bonds were sold to Morgan Keegan & Co. Inc. for \$13,605,364. The bonds have a true interest rate of 2.7642% with principal payments due June 1 of the years 2009 through 2013. The bonds refunded \$13,570,000 in general obligation bonds issued December 1997, 1998, 1999 and 2000 and resulted in actual future value dollar savings of \$597,077 equivalent to a present value savings of \$556,812, net of refinancing costs.

General obligation bonds outstanding as of June 30, 2008 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	2.00 – 5.25%	\$83,278,427
Governmental Activities – Refunding	2.76 – 3.22%	12,555,715
Business-type Activities	2.00 – 5.25%	4,086,573
Business-type Activities – Refunding	2.76 – 3.22%	\$ 1,864,285

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$17,034,346	\$ 3,771,179	\$1,165,654	\$ 229,502
2010	13,561,380	3,095,495	1,033,620	180,001
2011	12,838,201	2,599,027	926,799	144,244
2012	12,119,378	2,122,265	820,622	111,715
2013	11,386,469	1,656,052	713,531	81,048
2014-2018	28,894,368	2,820,922	1,290,632	103,119
Total	<u>\$95,834,142</u>	<u>\$16,064,940</u>	<u>\$5,950,858</u>	<u>\$849,629</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 7 - (Continued)

REVENUE BONDS

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. Revenue bonds outstanding at June 30, 2008 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Water System	4.46%	\$465,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Business-Type Activities Principal</u>	<u>Interest</u>
2009	\$465,000	\$ 21,158
Total	<u>\$465,000</u>	<u>\$ 21,158</u>

CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2008, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$87,260,843	\$36,289,323	\$27,716,024	\$95,834,142	\$17,034,346
Less: Unamortized Bond Charges	(294,626)	285,741	(76,010)	67,125	(10,832)
Notes Payable	25,000	-	4,583	20,417	5,000
Compensated Absences	3,295,681	2,981,436	2,804,048	3,473,069	2,525,019
Governmental Activities					
Long-term Liabilities	<u>\$90,286,898</u>	<u>\$39,556,500</u>	<u>\$30,448,645</u>	<u>\$99,394,753</u>	<u>\$19,553,533</u>
Business-type Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 6,839,157	\$2,050,677	\$2,938,976	\$ 5,950,858	\$1,165,654
Less: Unamortized Bond Charges	(592,792)	(150,000)	(41,714)	(701,078)	(41,714)
Revenue Bonds	1,195,000	-	730,000	465,000	465,000
Notes Payable	41,349,668	23,473,079	2,921,000	61,901,747	3,573,000
Compensated Absences	478,727	321,109	371,132	428,704	330,098
Est. Liability for Landfill Closure	2,065,075	444,470	466,242	2,043,303	67,583
Business-type Activities					
Long-term Liabilities	<u>\$51,334,835</u>	<u>\$26,139,335</u>	<u>\$7,385,636</u>	<u>\$70,088,534</u>	<u>\$5,559,621</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At June 30, 2008, \$182,675 of internal service funds compensated absences are included in the above amounts. Also, for the governmental activities, compensated absences are liquidated by the funds where the employee's wages and benefits are allocated. For the above balances in compensated absences as of June 30, 2008, approximately 71% will be liquidated by the general fund, 23% by the special revenue funds, 1% by the capital projects fund and 5% by the internal service funds.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 7 - (Continued)

UNAMORTIZED BOND CHARGES

Unamortized bond charges related to bond activities consisted of the following items at June 30, 2008:

Fund or Activity Type	Bond Issue Date	Original Amount	6/30/07 Balance with 2008 Additions	2008 Amortization	Balance at 6/30/08
Governmental Activities:					
Bond Issue Costs:					
General Fund	12/1/2000	\$ 54,808	\$ 22,837	\$ 22,837	\$ ---
General Fund	11/1/2001	74,050	28,496	4,071	24,425
General Fund	7/1/2002	77,771	22,221	11,111	11,110
General Fund	12/1/2002	50,085	30,821	3,853	26,968
General Fund	11/1/2003	56,208	35,769	5,110	30,659
General Fund	12/1/2004	67,620	49,179	6,148	43,031
General Fund	4/1/2005	26,904	10,761	5,380	5,381
General Fund	12/1/2005	75,892	62,094	6,900	55,194
General Fund	12/1/2006	42,514	38,649	3,865	34,784
General Fund	12/1/2007	82,745	82,745	7,522	75,223
General Fund	4/1/2008	46,245	46,245	9,249	36,996
Bond Discount:					
General Fund	12/1/2000	101,616	42,340	42,340	---
General Fund	7/1/2002	77,088	22,025	11,013	11,012
General Fund	12/1/2002	28,007	17,235	2,154	15,081
General Fund	11/1/2003	10,763	6,849	978	5,871
General Fund	12/1/2004	69,280	50,385	6,298	44,087
General Fund	12/1/2005	29,993	24,539	2,726	21,813
Bond Premium:					
General Fund	11/1/2003	(42,356)	(19,283)	(2,755)	(16,528)
General Fund	12/1/2004	(57,585)	(41,880)	(5,235)	(36,645)
General Fund	4/1/2005	(4,644)	(1,857)	(928)	(929)
General Fund	12/1/2005	(25,137)	(20,567)	(2,285)	(18,282)
General Fund	12/1/2006	(94,586)	(85,987)	(8,599)	(77,388)
General Fund	12/1/2007	(414,731)	(414,731)	(55,743)	(358,988)
Subtotal Governmental			8,885	76,010	(67,125)
Business-type Activities:					
Loan Origination Fees:					
Water System	6/25/2002	137,360	104,655	6,541	98,114
Water System	1/2/2004	112,640	91,185	5,364	85,821
Water System	9/01/2006	60,000	57,000	3,000	54,000
Sewer System	6/25/2002	80,000	60,952	3,809	57,143
Sewer System	7/01/2005	310,000	279,000	15,500	263,500
Sewer System	7/01/2007	150,000	150,000	7,500	142,500
Subtotal Business-type			742,792	41,714	701,078
Total Governmental and Business-type Activities			<u>\$751,677</u>	<u>\$ 117,724</u>	<u>\$633,953</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 8 - Deficit Equity Balances

The Younkers Self-Improvement District reported a negative fund balance at June 30, 2008 of \$1,587. The deficit will be corrected during Fiscal Year 2009 with an increase in taxes.

The Events Facilities had a deficit fund balance at June 30, 2008 of \$579,079, down from \$1,425,831 at June 30, 2007. The operation of the Convention Center and Auditorium requires a high percentage of their costs to be fixed and therefore, when revenue is down, the fund operates at a deficit. It is anticipated that the FY09 budget should correct this with a combination of revenue increases, taxes and control over expenditures.

The Comprehensive Insurance Fund showed a deficit balance at June 30, 2008 of \$4,504,475. The reason for the deficit is the adoption of GASB 45 which requires that the estimated amount of the post retirement benefit obligation be recorded. This liability was estimated and recorded at \$7,031,563 as of June 30, 2008. If this liability was not recorded, the fund would not have a deficit equity balance. City management will be analyzing this situation to determine future action, if any, that will be taken to fund the deficit balance.

Note 9 – Internal Balances

The following is a summary of Interfund Receivables/Payables as of June 30, 2008:

Fund	Interfund Receivable	Interfund Payable
General	\$ 1,291,940	\$ 8,413
Capital Improvements	---	489,527
Debt Service	31,868	---
Nonmajor Governmental	47,660	1,188,247
Airport	---	31,868
Water System	411,730	---
Sewer	33,037	---
Nonmajor Enterprise	8,811	106,991
Totals	<u>\$1,825,046</u>	<u>\$1,825,046</u>

Interfund Balances represent amounts due to/from other funds including amounts to cover deficit cash balances at June 30, 2008.

There is an Interfund Receivable for an advance made to the Airport by the Debt Service Fund for the amount owed for previous debt service payments. The final payment of \$31,868 is due in fiscal 2009 so the balance is reported as an Interfund Receivable/Payable.

Reported in the Nonmajor Governmental Interfund Receivable there is an advance from a Community Development Fund to the Capital Improvements Fund for a loan under the Brownsfield Cleanup Revolving Loan Fund program. This loan was approved for \$400,000 with only \$44,760 being advanced to date. Repayment is scheduled to begin in fiscal year 2010 and is to be repaid at 0% interest. There is a corresponding Interfund Payable in the Capital Improvements Fund.

NOTE 9 - Internal Balances (Continued)

	Governmental Fund Types					Proprietary Fund Types				Total Transfers Out	
	General	Sales Tax	Debt Service	Capital Improv	Nonmajor Govt	Airport	Parking	Water	Solid Waste		Internal Service
General	\$ ---	\$ -	\$ 1,600,000	\$ 1,532,842	\$ 5,757,173	\$ ---	\$ ---	\$ ---	\$ 5,025	\$ 19,263	\$ 8,914,303
Employee Benefits	11,946,632	---	---	---	630,402	---	---	---	---	---	12,577,034
Local Opt Sales Tax	559,474	---	7,897,981	2,494,580	312,190	---	---	---	---	---	11,284,225
Debt Service	---	---	---	3,425,197	145,625	380,000	---	100,000	---	---	4,050,822
Capital Improvements	963,217	130,000	1,588,627	---	568,556	---	300,000	---	---	380,024	3,930,424
Nonmajor Govt	3,543,597	---	1,463,844	381,799	64,349	---	---	---	---	25,012	5,478,601
Sewer	---	---	---	22,272	---	---	---	---	---	4,000	26,272
TOTAL TRANSFERS-IN	\$ 17,012,920	\$ 130,000	\$ 12,550,452	\$ 7,856,690	\$ 7,478,295	\$ 380,000	\$ 300,000	\$ 100,000	\$ 5,025	\$ 428,299	\$ 46,241,681

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.
3. To use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF SIOUX CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10 - RESERVES

The following schedule reflects all Reserves of Fund Balances as presented in the Fund Level Statements:

	Fund Balances Reserves						Total
	Encumbrances	Long Term Notes/Adv. Receivable	Inventory/ Debt Service	Endowment/ Capital Improv.	Joint Venture/ Prepays		
General	\$ 237,657	\$ 30,800	\$ ---	\$ ---	\$ 100,519	\$	368,976
Special Revenue							
Road Use	153,710	---	---	---	---		153,710
Community Development	201,311	7,003,037	---	---	9,930		7,214,278
Housing	---	---	---	---	318,065		318,065
Local Option Sales Tax	---	355,331	---	---	---		355,331
Events Facilities	---	---	107,046	---	28,823		135,869
Transit Operations	151,144	---	---	---	---		151,144
Total Special Revenue	506,165	7,358,368	107,046	---	356,818		8,328,397
Debt Service	1,391	252,182	3,203,515	---	---		3,457,088
Capital Improvements	14,171,238	9,986,604	---	17,324,318	---		41,482,160
Permanent Fund Cemetery Trust	\$ ---	\$ ---	\$ ---	\$ 971,321	---	\$	971,321
TOTAL RESERVES OF FUND BALANCES							\$ 54,607,942

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 11 - Risk Management/Contingent Liabilities

The City participates in a number of federally assisted grant programs, principally Federal Aviation Administration, FTA Capital, Planning and Operating Assistance Grants, Federal Highway Construction Grants, and Community Development Block Grant. The programs are subject to financial and compliance audits. The amount of expenditures if any, which may be disallowed by the Grantor agencies is not determinable at this time; however, City officials do not believe that such amounts would be significant.

The City is a defendant in a number of lawsuits in its normal course of operations. The City Attorney estimates that an unfavorable outcome on certain lawsuits is likely and, accordingly, a provision for losses of \$1,219,000 has been established in the accompanying financial statements as of June 30, 2008. A provision for health claims incurred but unpaid as of June 30, 2008 of \$2,780,251 has also been recorded.

The City is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees, or acts of God. The City has self-insured itself since July 1, 1986 for general liability, automobile, transit and workers compensation. The City began self-insuring health coverage as of July 1, 1988. It is self-insured for health coverage risk up to \$75,000, specific, and 125% of expected annual paid claims in the aggregate.

The self-insurance programs are administered using an internal service fund, the Comprehensive Insurance fund, which records premium revenue as "Charges for Service". All funds of the City participate in the self-insurance programs and make payments to the Comprehensive Insurance fund based on pre-determined amounts needed to pay prior and current year claims and to establish a reserve for future catastrophic losses. Currently the City is unfunded for reserves to cover incurred but unreported claims and unanticipated claim fluctuations.

The City maintains outside insurance coverage through various insurance policies on buildings and their contents, equipment and property, employee dishonesty, and excess health coverage throughout 2008. There have been no significant reductions in insurance coverage from prior years. The City has had no amount of settlements exceeding insurance coverage for each of the past five fiscal years.

The claims payable, including claims incurred but not yet reported, have been determined by the City's management and have been recorded in the accompanying financial statements. Changes in the fund's claims liability amount were as follows:

Year ended June 30	Beginning Balance Liability	Claims and Changes in Estimates	Claim Payments	Ending Balance
1997	\$ 3,465,897	\$ 5,152,111	\$ 5,015,413	\$ 3,602,595
1998	3,602,595	4,138,232	4,850,423	2,890,404
1999	2,890,404	4,687,472	4,878,764	2,699,112
2000	2,699,112	6,397,681	5,850,742	3,246,051
2001	3,246,051	9,144,373	7,162,571	5,227,853
2002	5,227,853	8,644,172	8,604,898	5,267,127
2003	5,267,127	7,879,845	8,187,698	4,959,274
2004	4,959,274	6,998,492	8,238,600	3,719,166
2005	3,719,166	7,357,918	8,192,022	2,885,062
2006	2,885,062	9,944,427	9,380,340	3,449,149
2007	3,449,149	11,229,811	11,067,228	3,611,732
2008	\$3,611,732	\$10,081,862	\$9,694,343	\$3,999,251

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 12 - Commitments

The City has recognized as a liability only that portion of construction contracts completed through June 30, 2008. The following summary presents the amount of contracts outstanding at June 30, 2008:

Construction	\$25,602,338
Design & Engineering Services	9,248,779
Other	3,613,038
Less: Due, but unpaid at June 30, 2008	<u>(4,970,677)</u>
Construction Contract Commitments	<u>\$33,493,478</u>

In addition to the above construction contract commitments outstanding at June 30, 2008, the City had \$1,171,752 of purchase orders outstanding and commitments under development agreements totaling \$1,080,000.

Under an agreement with the Iowa Department of Transportation approved by the City Council in June 2008, the City has a commitment to cover the cost to relocate the riverfront trail in accordance with the Interstate 29 Reconstruction Project. The City's share of the costs is estimated at \$1,111,154. The amount is payable upon completion of the project in three equal annual installments with the first installment projected to be due July 1, 2011.

Note 13 - Deferred Revenues

Deferred Revenues, which are measurable but not yet available at June 30, 2008, are as follows:

	<u>EXHIBIT 1</u>	<u>EXHIBIT 3</u>	<u>EXHIBIT 5</u>
Property Taxes	\$50,875,494	\$51,021,554	\$ —
Special Assessments	—	751,016	—
Unearned Revenue	<u>1,746,074</u>	<u>8,800</u>	<u>1,737,274</u>
Total Deferred Revenues	<u>\$52,621,568</u>	<u>\$51,781,370</u>	<u>\$1,737,274</u>

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 14 - Joint Venture

The Woodbury County Information and Communication Commission (WCICC) was formed in fiscal year 1988. WCICC was established to operate a combined data processing and communications center for the City and the County. Each governmental unit selects two of its members to serve on the commission and a fifth member is selected by the commission. The operating budget is approved by both governments with contributions for operations from both. All assets, liabilities and equity are owned on a 60/40 basis. Summary financial information as of, and for the fiscal year ended June 30, 2008 is presented as follows:

Fixed Assets	\$ 1,298,889
Other Assets	<u>486,815</u>
Total Assets	<u><u>1,785,704</u></u>
Total Liabilities	319,283
Fund Equity	<u>1,466,421</u>
Total Liabilities and Fund Equity	<u><u>1,785,704</u></u>
Total Revenue	2,335,050
Total Expenditures	<u>(2,148,306)</u>
Net Increase in Fund Balance	<u><u>\$186,744</u></u>

The Woodbury County Information and Communication Commission does not publish a Comprehensive Annual Financial Report. The City's share of the fixed assets are reported in governmental activities.

City's Share of Joint Venture	
Assets	60%
Liabilities	60%
Equity	60%

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 15 - Post-Employment Health Care Benefits

During fiscal 2007, the City adopted the provisions of GASB 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions". The major change under GASB 45 is to attribute the cost of post-employment benefits to the time during which the employee is working for the employer. Accordingly, a prospective liability is recorded at June 30, 2008 for a Post-Employment Benefit Obligation as determined by an actuarial calculation.

Plan Description. The City offers medical insurance benefits to eligible retirees and their spouses. The benefits are covered under the City's health care plan with the premium cost to be paid by the retiree. The City is self-insured for medical benefits. Premiums are calculated based on prior year claim experiences and amounts needed to fund the plan operations. No stand alone financial report is issued, the plan is self-funded and included in the City's financial statements.

Funding Policy. The City is currently reviewing its options on funding the plan.

Annual OPEB Cost and NET OPEB Obligation. The City's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	\$4,233,602
Interest on net OPEB obligation	---
Adjustment to annual required contribution	---
Annual OPEB cost (expense)	4,233,602
Contributions made	<u>(581,840)</u>
Increase in net OPEB obligation	3,651,762
Net OPEB obligation – beginning of year	3,379,801
Net OPEB obligation – end of year	<u>\$7,031,563</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2007 and 2008 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2007	\$4,032,002	16.2%	\$3,379,801
2008	\$4,233,602	13.7%	\$3,651,762

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2008 was as follows:

Actuarial accrued liability (AAL)	\$47,002,628
Actuarial value of plan assets	---
Unfunded actuarial accrued liability (UAAL)	<u>\$47,002,628</u>
Funded ratio (actuarial value of plan assets/ AAL)	0%
Covered payroll (active plan members)	\$38,749,440
UAAL as a percentage of covered payroll	121.3%

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 15 – (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point and do not explicitly reflect the potential effects of legal or contractual funding limitations. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a 5% interest discount rate and an annual medical healthcare cost trend rate of 11% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Assumptions also include an annual prescription drug cost trend rate of 14% initially, reduced by decrements to an ultimate rate of 6% after 10 years. Assumptions include a 3.25% rate of inflation and a 4.0% growth in payroll per annum. The unfunded actuarial accrued liability (UAAL) is being amortized over 30 years from establishment. Differences between the expected and actual UAAL in future years will be amortized over 30 years.

Note 16 - Employee Benefits

Vacation hours for City employees are accumulated for subsequent use or for payment upon termination, retirement or death up to a maximum ranging from 120 to 200 hours based upon number of years employed.

Severance pay is paid to all employees of the Professional, Administrative, Technical, Supervisory, Executive and Council Appointed employees group (PATS), with a minimum of 15 years of consecutive service with the City. The pay is based on three day's pay for each full twelve months of consecutive service upon retirement, resignation, death or termination (other than for disciplinary reasons).

Vacation and severance pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. At June 30, 2008, four employment agreements involving termination benefits were in effect. These termination benefits include severance, health, life and long term disability benefits. Current liabilities of \$41,177 and \$28,961 are recorded in the governmental and enterprise funds, respectively. The long-term portion of \$159,499 is recorded as a liability in the government-wide statements. The liabilities were calculated based on current salary rates and benefit cost at the time of statement preparation.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 16 - (Continued)

City employees accumulate sick leave hours for subsequent use. Sick leave hours are not a vested benefit and expire if unused upon termination, death or retirement, with the exception of the Transit System's employees covered by the Amalgamated Transit Union Agreement with the City of Sioux City. These employees receive a benefit of up to 120 days of paid sick leave upon death or retirement. The accumulated sick leave under this agreement for transit employees is recorded only in the government-wide financial statements. All other accumulated sick leave is not recognized as an expenditure until used or paid as it is not measurable at June 30, 2008.

Compensated absences consist of the following amounts as of June 30, 2008:

Accrued Vacation	\$ 2,517,776
Accrued Severance Pay	1,018,912
Accrued Transit Sick Leave	135,448
Accrued Termination Benefits	229,637
Total	<u>\$ 3,901,773</u>

Compensated absences have been recorded as follows:

	<u>CURRENT</u>	<u>LONG-TERM</u>	<u>TOTAL</u>
Enterprise Funds	\$ 330,098	\$ 98,606	\$ 428,704
Internal Service Funds	126,101	56,574	182,675
Government-Wide Statement	<u>2,398,918</u>	<u>891,476</u>	<u>3,290,394</u>
	<u>\$ 2,855,117</u>	<u>\$ 1,046,656</u>	<u>\$ 3,901,773</u>

Note 17 - Pension and Retirement

IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the City is required to contribute 6.05% of annual covered payroll. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$1,500,123, \$1,359,664, and \$1,401,433, respectively, equal to the required contributions for each year.

CITY OF SIOUX CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Note 17 - (Continued)

POLICE AND FIRE RETIREMENT SYSTEM

The City contributes to the Municipal Fire & Police Retirement System of Iowa (MFPRSI) which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees appointed by the State of Iowa. MFPRSI provides retirement and death benefits, which are established by State statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to MFPRSI, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation. The employers' contribution rate is based upon an actuarially determined normal contribution rate. The normal contribution rate is provided by State statute to be the actuarial liabilities of the plan less current plan assets, the total then being divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions. Legislatively appropriated contributions from the State may further reduce the employers' contribution rate. However, under the Code of Iowa, the employers' contribution rate cannot be less than 17.00 percent of earnable compensation. Contribution requirements are established by State statute. The City's contribution to MFPRSI for the years ended June 30, 2008, 2007 and 2006 were \$3,608,080 (25.48%), \$3,743,761 (27.75%), and \$3,752,271 (28.21%), respectively, equal to the required contributions for each year.

Note 18 - Landfill Closures and Post-Closure Care Costs

State and federal laws and regulations require the City's Solid Waste System to place a final cover on its 28th Street landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill was closed as of October 1, 2007. A consulting engineer's estimate for total costs prepared as of March 12, 2008 was \$2,043,303. This full amount has been accrued by the City as of June 30, 2008. Of this amount, it was estimated that \$67,583 would be incurred within the next fiscal year. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The State of Iowa specifies financial assurance requirements in Code Section 567-Chapter 11. The Iowa Code enumerates various allowable financial assurance mechanisms to meet the costs of closure and post-closure care. The City satisfies this requirement with a Local Government Dedicated Fund passed and approved on June 16, 2003 under Resolution 2003-000501.

Note 19 - Prior Period Restatements

At June 30, 2007, there was a grant receivable in the Sewer System Fund in the amount of \$105,860 which was accrued in error. The grant had reached the maximum reimbursement and no receivable should have been remaining at June 30, 2007.

Note 20 - Subsequent Events

In July, 2008, the City Council approved additional notes payable to the Iowa Finance Authority for Water Revenue Capital Loan Notes in the amounts of \$3,450,000 and \$500,000.

REQUIRED SUPPLEMENTARY INFORMATION (unaudited)

In accordance with the Governmental Accounting Standards Board Statements No. 25, No. 27 and No. 34, the following information is a required part of the general purpose financial statements.

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CITY OF SIOUX CITY, IOWA
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - ALL GOVERNMENTAL AND PROPRIETARY FUNDS ¹
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008

	Governmental Fund Types Actual	Internal Service Funds Actual	Proprietary Funds Actual	Total Actual
REVENUES				
Taxes	\$ 61,867,015	\$ ---	\$ ---	\$ 61,867,015
Special Assessments	260,969	---	---	260,969
Regulatory Fees	1,347,989	---	---	1,347,989
Intergovernmental Revenue ²	23,773,756	---	1,062,111	24,835,867
Revenue from Use of Property	7,325,415	230,348	2,212,810	9,768,573
Charges for Service	7,833,868	22,112,444	31,025,263	60,971,575
Miscellaneous	2,176,167	617,817	250,220	3,044,204
Total Revenues	104,585,179	22,960,609	34,550,404	162,096,192
EXPENDITURES:				
Public Safety	28,364,591	---	---	28,364,591
Public Works	13,791,226	---	---	13,791,226
Culture and Recreation	14,711,438	---	---	14,711,438
Community and Economic Development	10,836,744	---	---	10,836,744
General Government	3,234,848	---	---	3,234,848
Debt Service	22,388,045	---	1,799,337	24,187,382
Capital Projects ²	34,288,621	---	---	34,288,621
Business-Type/ Enterprises ²	---	25,323,555	29,956,700	55,280,255
Total Expenditures	127,615,513	25,323,555	31,756,037	184,695,105
Excess (Deficiency) of Revenues Over Expenditures	(23,030,334)	(2,362,946)	2,794,367	(22,598,913)
OTHER FINANCING SOURCES (USES)				
Other Financing Sources	84,012,744	428,299	785,025	85,226,068
Other Financing Uses	(58,055,732)	---	(26,272)	(58,082,004)
Total Other Financing Sources (Uses)	25,957,012	428,299	758,753	27,144,064
Net Change in Fund Balance	2,926,678	(1,934,647)	3,553,120	\$ 4,545,151
Fund Balance - Beg. of Year before Prior Period Adjustments	68,204,218	10,071,558	91,559,527	
Prior Period Adjustments	---	---	(105,860)	
Fund Balance - Beg. of Year after Prior Period Adjustments	68,204,218	10,071,558	91,453,667	
Fund Balance - End of Year	\$ 71,130,896	\$ 8,136,911	\$ 95,006,787	

Notes:

¹ In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearing which includes all funds, except agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The City budgets on a modified accrual basis of accounting for all governmental funds and on the accrual basis for proprietary fund types. Formal and legal budgetary control is based upon eight major classes of expenditures known as functions, not by fund or fund type. These eight functions are: public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type/ enterprises. The legal level of control is at the aggregated function level, not at the fund or fund type level.

² Intergovernmental revenue and the expenditures for capital projects and enterprises are significantly below budgeted amounts due to the timing of when projects are actually completed and the corresponding revenue is received.

EXHIBIT 9

Budgeted Amounts		Final Budget
Original	Final	Over (Under)
\$ 60,394,540	\$ 60,394,540	\$ 1,472,475
526,750	526,750	(265,781)
1,694,907	1,694,907	(346,918)
29,062,495	40,096,316	(15,260,449)
7,624,882	9,289,900	478,673
56,181,773	58,569,875	2,401,700
5,042,962	6,898,073	(3,853,869)
160,528,309	177,470,361	(15,374,169)
28,531,699	31,212,576	(2,847,985)
13,646,558	16,044,038	(2,252,812)
13,983,360	17,863,056	(3,151,618)
12,646,602	15,903,448	(5,066,704)
4,490,332	6,498,456	(3,263,608)
23,121,610	35,158,600	(10,971,218)
85,898,973	107,802,944	(73,514,323)
134,309,051	161,551,811	(106,271,556)
316,628,185	392,034,929	(207,339,824)
(156,099,876)	(214,564,568)	191,965,655
107,315,518	143,902,683	(58,676,615)
(58,192,876)	(58,192,876)	(110,872)
49,122,642	85,709,807	(58,565,743)
(106,977,234)	(128,854,761)	\$ 133,399,912
142,970,828	142,970,828	
---	---	
142,970,828	142,970,828	
\$ 35,993,594	\$ 14,116,067	

**CITY OF SIOUX CITY, IOWA
POST EMPLOYMENT HEALTHCARE BENEFITS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2008**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
6/30/2005 *	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2006 *	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2007 \$	---	\$47,002,628	\$47,002,628	0.00%	\$39,151,301	120.1%
6/30/2008 \$	---	\$47,002,628	\$47,002,628	0.00%	\$38,749,440	121.3%

* Fiscal 2007 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

CITY OF SIOUX CITY, IOWA
OTHER SUPPLEMENTARY INFORMATION

CITY OF SIOUX CITY, IOWA
COMBINING FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

The following funds included in this fund type and their purposes are as follows:

MAJOR FUNDS:

Other Employee Benefits - To account for the City's employee benefits tax levy.

Local Option Sales Tax - To account for revenue generated by the one percent local option sales tax.

NON-MAJOR FUNDS:

Emergency Fund - To account for the Emergency Levy.

Storm Water Drainage - To account for the collection of revenues for Storm Water Drainage Fees.

Road Use - To account for State revenues allocated to the City for maintenance and improvement of City streets.

Community Development - To account for the use of Community Development Block Grant Funds as received from the Federal Government.

Housing - To account for the operations of Federal Section 8, low income housing projects and municipally sponsored rent payment assistance programs.

Main Street - To account for the collection of a levy to fund the revitalization of the City's downtown area.

Younkers Self-Improvement District - To account for revenue generated by the self-improvement district.

Events Facilities - To account for revenue generated by the operations of the Convention Center and the Auditorium.

Transit System - To account for the Transit levy and operations of the City's bus and other transit services.

Permanent Fund - Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs, that is, for the benefit of the government or its citizenry.

The following fund included in this fund type and its purpose is as follows:

Cemetery Trust - To account for the activity of the cemeteries of the City.

**CITY OF SIOUX CITY, IOWA
COMBINING BALANCE SHEET
GOVERNMENTAL NONMAJOR FUNDS
JUNE 30, 2008**

Special Revenue Funds

ASSETS	Emergency Fund	Storm Water Drainage	Road Use	Community Development	Housing
Cash and Cash Equivalents	\$ 4,001,903	\$ 714,602	\$ ---	\$ 352,357	\$ 1,384,100
Accounts Receivable	---	66,304	1,112	---	57,116
Accrued Interest Receivable	---	---	---	158,871	---
Notes Receivable	---	---	---	7,003,037	---
Due from Other Governments	550,090	---	583,125	265,214	---
Due from Other Funds	---	---	---	44,760	---
Inventories	---	---	---	---	---
Prepaid Items	---	---	---	9,930	318,065
Total Assets	4,551,993	780,906	584,237	7,834,169	1,759,281

LIABILITIES

Accounts Payable	---	---	114,750	21,950	74,511
Accrued Wages	---	---	109,090	19,201	18,635
Contracts & Retainers Payable	---	---	---	70,133	---
Due to Other Governments	---	10,500	---	---	---
Due to Other Funds	---	---	---	---	---
Deferred Revenue	542,802	---	---	---	---
Total Liabilities	542,802	10,500	223,840	111,284	93,146

FUND BALANCES


Reserved for Encumbrances	---	---	153,710	201,311	---
Reserved for Endowment, non-expendable	---	---	---	---	---
Reserved for Inventories	---	---	---	---	---
Reserved for Long-Term Notes	---	---	---	7,003,037	---
Reserved for Prepaid Items	---	---	---	9,930	318,065
Unreserved, undesignated reported in:					
Special Revenue Funds	4,009,191	770,406	206,687	508,607	1,348,070
Total Fund Balances (Deficit)	4,009,191	770,406	360,397	7,722,885	1,666,135
Total Liabilities and Fund Balances	\$ 4,551,993	\$ 780,906	\$ 584,237	\$ 7,834,169	\$ 1,759,281

Special Revenue Funds				Permanent Fund	Total Governmental Nonmajor Funds
Main Street	Younkers Self-Impr. District	Events Facilities	Transit Operations	Cemetery Trust	
\$ 97,937	\$ ---	\$ 245,725	\$ ---	\$ 971,321	\$ 7,767,945
---	---	120,166	22,250	---	266,948
---	---	---	---	---	158,871
---	---	---	---	---	7,003,037
133,591	---	---	1,352,086	---	2,884,106
---	---	2,900	---	---	47,660
---	---	107,046	---	---	107,046
---	---	28,823	---	---	356,818
<u>231,528</u>	<u>---</u>	<u>504,660</u>	<u>1,374,336</u>	<u>971,321</u>	<u>18,592,431</u>
---	---	961,135	25,227	---	1,197,573
---	---	74,302	40,487	---	261,715
---	---	---	32,993	---	103,126
---	---	36,204	---	---	46,704
---	1,587	3,298	1,183,362	---	1,188,247
<u>132,401</u>	<u>---</u>	<u>8,800</u>	<u>---</u>	<u>---</u>	<u>684,003</u>
132,401	1,587	1,083,739	1,282,069	---	3,481,368
---	---	---	151,144	---	506,165
---	---	---	---	971,321	971,321
---	---	107,046	---	---	107,046
---	---	---	---	---	7,003,037
---	---	28,823	---	---	356,818
<u>99,127</u>	<u>(1,587)</u>	<u>(714,948)</u>	<u>(58,877)</u>	<u>---</u>	<u>6,166,676</u>
<u>99,127</u>	<u>(1,587)</u>	<u>(579,079)</u>	<u>92,267</u>	<u>971,321</u>	<u>15,111,063</u>
<u>\$ 231,528</u>	<u>\$ ---</u>	<u>\$ 504,660</u>	<u>\$ 1,374,336</u>	<u>\$ 971,321</u>	<u>\$ 18,592,431</u>

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
GOVERNMENTAL NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds				
REVENUES	Emergency Fund	Storm Water Drainage	Road Use	Community Development	Housing
Taxes	\$ 533,417	\$ ---	\$ ---	\$ ---	\$ ---
Special Assessments	---	10,945	---	---	---
Intergovernmental Revenue	---	---	7,296,587	3,201,716	5,225,700
Revenue from Use of Property	---	---	---	---	---
Charges for Services	---	1,279,849	1,794	---	---
Interest	---	9,877	---	215,028	22,354
Miscellaneous	---	195	23,069	64,848	81,884
Total Revenue	533,417	1,300,866	7,321,450	3,481,592	5,329,938
EXPENDITURES					
Current:					
Public Works	---	106,958	8,008,250	---	---
Culture and Recreation	---	---	---	---	---
Community and Economic Development	---	---	---	2,994,203	4,884,229
Total Expenditures	---	106,958	8,008,250	2,994,203	4,884,229
Excess (Deficiency) of Revenues Over Expenditures	533,417	1,193,908	(686,800)	487,389	445,709
OTHER FINANCING SOURCES (USES)					
Transfers In	2,879,377	---	53,144	---	---
Transfers Out	(3,607,946)	(1,764,981)	---	(35,728)	---
Total Other Financing Sources (Uses)	(728,569)	(1,764,981)	53,144	(35,728)	---
Net Change in Fund Balance	(195,152)	(571,073)	(633,656)	451,661	445,709
Fund Balance (Deficit) - Beginning of Year	4,204,343	1,341,479	994,053	7,271,224	1,220,426
Fund Balance (Deficit) - End of Year	\$ 4,009,191	\$ 770,406	\$ 360,397	\$ 7,722,885	\$ 1,666,135

Special Revenue Funds				Permanent Fund	Total Governmental Nonmajor Funds
Main Street	Younkers Self-Impr. District	Events Facilities	Transit Operations	Cemetery Trust	
\$ 129,824	\$ ---	\$ ---	\$ ---	\$ ---	\$ 663,241
---	---	---	---	---	10,945
---	---	---	1,763,543	---	17,487,546
---	---	3,606,560	51,078	43,411	3,701,049
---	---	915,585	927,256	---	3,124,484
---	---	---	---	---	247,259
---	---	423,170	19,297	---	612,463
129,824	---	4,945,315	2,761,174	43,411	25,846,987
---	---	---	3,769,770	---	11,884,978
---	---	7,592,712	---	---	7,592,712
275,000	---	---	---	---	8,153,432
275,000	---	7,592,712	3,769,770	---	27,631,122
(145,176)	---	(2,647,397)	(1,008,596)	43,411	(1,784,135)
145,625	---	3,494,149	906,000	---	7,478,295
---	---	---	(69,946)	---	(5,478,601)
145,625	---	3,494,149	836,054	---	1,999,694
449	---	846,752	(172,542)	43,411	215,559
98,678	(1,587)	(1,425,831)	264,809	927,910	14,895,504
<u>\$ 99,127</u>	<u>\$ (1,587)</u>	<u>\$ (579,079)</u>	<u>\$ 92,267</u>	<u>\$ 971,321</u>	<u>\$ 15,111,063</u>

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**CITY OF SIOUX CITY, IOWA
COMBINING FINANCIAL STATEMENTS
ENTERPRISE FUNDS**

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The following funds included in this fund type and their purposes are as follows:

MAJOR FUNDS:

Airport System - To account for the operations of the Sioux Gateway Airport.

Water System - To account for the operations of the City's water facilities and services.

Sewer System - To account for the operations of the City's sewage treatment facilities and services.

Solid Waste System - To account for the operations of the City's sanitary landfill facilities.

NON-MAJOR FUNDS:

Parking Facilities - To account for the operations of the City-owned parking ramps and other parking facilities.

Skyway System - To account for the maintenance and security of the skyway system.

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2008

EXHIBIT B-1

ASSETS	Parking Facilities	Skyway System	Totals
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 1,554,571	\$ ---	\$ 1,554,571
Accounts Receivable	139,667	111,901	251,568
Accrued Interest Receivable	4,134	---	4,134
Due from Other Funds	---	8,811	8,811
Total Current Assets	1,698,372	120,712	1,819,084
<u>Non-Current Assets</u>			
Fixed Assets, Net of Accumulated Depreciation	9,808,260	---	9,808,260
Total Assets	11,506,632	120,712	11,627,344
<u>LIABILITIES</u>			
<u>Current Liabilities</u>			
Accounts Payable	62,288	10,232	72,520
Accrued Wages and Compensated Absences	45,745	3,489	49,234
Accrued Interest Payable	8,423	---	8,423
Contracts and Retainers Payable	597,488	---	597,488
Due to Other Funds	---	106,991	106,991
Current Portion of G.O. Bonds	390,679	---	390,679
Matured Bonds and Coupons Payable	7,613	---	7,613
Deferred Revenue	980,000	---	980,000
Total Current Liabilities	2,092,236	120,712	2,212,948
<u>Non-Current Liabilities</u>			
General Obligation Bonds, Net of Current Portion	2,249,297	---	2,249,297
Total Non-current Liabilities	2,249,297	---	2,249,297
Total Liabilities	4,341,533	120,712	4,462,245
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	7,168,284	---	7,168,284
Unrestricted	(3,185)	---	(3,185)
Total Net Assets	\$ 7,165,099	\$ ---	\$ 7,165,099

CITY OF SIOUX CITY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Parking Facilities	Skyway System	Totals
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 1,158,055	\$ 303,892	\$ 1,461,947
Total Operating Revenues	1,158,055	303,892	1,461,947
<u>OPERATING EXPENSES</u>			
Employee Services	474,746	36,717	511,463
Supplies and Services	392,991	146,019	539,010
Repairs and Improvements	121,303	66,417	187,720
Utilities	5,552	54,739	60,291
Depreciation	318,328	---	318,328
Total Operating Expenses	1,312,920	303,892	1,616,812
Operating (Loss)	(154,865)	---	(154,865)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest Income	47,204	---	47,204
Interest Expense	(112,432)	---	(112,432)
Total Non-Operating Revenues	(65,228)	---	(65,228)
(Loss) before Transfers	(220,093)	---	(220,093)
Transfers In	300,000	---	300,000
Changes in Net Assets	79,907	---	79,907
Net Assets - Beginning of Year	7,085,192	---	7,085,192
Net Assets - End of Year	\$ 7,165,099	\$ ---	\$ 7,165,099

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT B-3

	Parking Facilities	Skyway System	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 1,227,829	\$ 291,036	\$ 1,518,865
Cash Paid for Personal Services	(482,480)	(36,524)	(519,004)
Cash Paid to Suppliers	600,537	(254,512)	346,025
Net Cash Provided by Operating Activities	1,345,886	---	1,345,886
<u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Proceeds from Bond Sales	300,000	---	300,000
Acquisition and Construction of Capital Assets	(5,384,415)	---	(5,384,415)
Principal Paid on Notes and Bonds	(328,545)	---	(328,545)
Interest Paid on Notes and Bonds	(112,919)	---	(112,919)
Net Cash (Used) by Capital and Related Financing Activities	(5,525,879)	---	(5,525,879)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Transfers In	300,000	---	300,000
Transfers Out	---	---	---
Net Cash Provided by Non-Capital Financing Activities	300,000	---	300,000
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends on Investments	80,348	---	80,348
Net Cash Provided by Investing Activities	80,348	---	80,348
Net (Decrease) in Cash and Cash Equivalents	(3,799,645)	---	(3,799,645)
Cash and Cash Equivalents at Beginning of Year	5,354,216	---	5,354,216
Cash and Cash Equivalents at End of Year	\$ 1,554,571	\$ ---	\$ 1,554,571
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>			
<u>PROVIDED BY OPERATING ACTIVITIES</u>			
Operating (Loss)	\$ (154,865)	\$ ---	\$ (154,865)
<i>Adjustments to Reconcile Operating (Loss)</i> <i>to Net Cash Provided by Operating Activities:</i>			
Depreciation	318,328	---	318,328
<i>(Increase) Decrease in Assets and</i> <i>Increase (Decrease) in Liabilities:</i>			
Accounts Receivable	69,774	(12,684)	57,090
Due from Other Funds	---	(172)	(172)
Accounts Payable	28,902	(1,176)	27,726
Accrued Wages and Compensated Absences	(7,734)	193	(7,541)
Contracts and Retainers Payable	112,126	---	112,126
Due to Other Funds	(645)	13,839	13,194
Deferred Revenues	980,000	---	980,000
Total Adjustments	1,500,751	---	1,500,751
Net Cash Provided by Operating Activities	\$ 1,345,886	\$ ---	\$ 1,345,886
<u>NONCASH FINANCING ACTIVITIES</u>			
Bonds Repaid with Issuance of Refunding Bonds	\$ 460,316	\$ ---	\$ 460,316

CITY OF SIOUX CITY, IOWA
COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

The following funds included in this fund type and their purposes are as follows:

Central Maintenance Garage - To account for maintenance and repair services for the City's automotive equipment and acquisition of replacement vehicles.

Comprehensive Insurance - To account for the funding and maintenance of the City's insurance policies provided to user departments.

CITY OF SIOUX CITY, IOWA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 JUNE 30, 2008

	Central Maintenance Garage	Comprehensive Insurance	Totals
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 4,035,767	\$ 6,619,722	\$ 10,655,489
Accounts Receivable	56,099	1,879	57,978
Accrued Interest Receivable	567	12,945	13,512
Notes Receivable	136,145	---	136,145
Inventories, at Cost	310,912	---	310,912
Total Current Assets	4,539,490	6,634,546	11,174,036
<u>Non-Current Assets</u>			
Capital Assets, Net of Accumulated Depreciation	8,481,908	---	8,481,908
Total Assets	13,021,398	6,634,546	19,655,944
<u>LIABILITIES</u>			
Accounts Payable	245,027	8,973	254,000
Accrued Wages and Compensated Absences	134,985	96,087	231,072
Contracts and Retainers Payable	---	3,147	3,147
Post Employment Benefit Obligation	---	7,031,563	7,031,563
Estimated Liability for Damage Claims	---	3,999,251	3,999,251
Total Liabilities	380,012	11,139,021	11,519,033
<u>NET ASSETS</u>			
Invested in Capital Assets	8,481,908	---	8,481,908
Unrestricted	4,159,478	(4,504,475)	(344,997)
Total Net Assets	\$ 12,641,386	\$ (4,504,475)	\$ 8,136,911

CITY OF SIOUX CITY, IOWA
 COMBINING STATEMENT OF REVENUES AND
 EXPENSES AND CHANGES IN NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Central Maintenance Garage	Comprehensive Insurance	Totals
<u>OPERATING REVENUE</u>			
Revenue from Use of Property	\$ 82,565	\$ 3,457	\$ 86,022
Charges for Services	8,809,556	13,302,888	22,112,444
Total Operating Revenues	8,892,121	13,306,345	22,198,466
<u>OPERATING EXPENSES</u>			
Employee Services	1,878,891	13,833,546	15,712,437
Supplies and Services	152,333	1,016,453	1,168,786
Repairs and Improvements	4,826,666	4,310	4,830,976
Utilities	35,249	1,226	36,475
Depreciation	2,803,243	---	2,803,243
Damage Settlement	---	771,638	771,638
Total Operating Expenses	9,696,382	15,627,173	25,323,555
Net Operating Income (Loss)	(804,261)	(2,320,828)	(3,125,089)
<u>NON-OPERATING REVENUES</u>			
Interest Income	7,677	136,649	144,326
Other Non-Operating Revenues	284,523	---	284,523
Gain on Sale of Capital Assets	333,294	---	333,294
Total Non-Operating Revenues	625,494	136,649	762,143
Income (Loss) before Transfers	(178,767)	(2,184,179)	(2,362,946)
Transfers In	428,299	---	428,299
Changes in Net Assets	249,532	(2,184,179)	(1,934,647)
Net Assets - Beginning of Year	12,391,854	(2,320,296)	10,071,558
Net Assets - End of Year	\$ 12,641,386	\$ (4,504,475)	\$ 8,136,911

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Central Maintenance Garage	Comprehensive Insurance	Totals
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash Received from Customers	\$ 8,940,936	\$ 13,308,187	\$ 22,249,123
Cash Paid for Personal Services	(1,861,212)	(13,819,348)	(15,680,560)
Cash Paid to Suppliers	(5,141,984)	2,200,235	(2,941,749)
Other Non-Operating Revenue	284,523	---	284,523
Net Cash Provided by Operating Activities	2,222,263	1,689,074	3,911,337
<u>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition and Construction of Capital Assets	(2,283,847)	---	(2,283,847)
Proceeds from Sale of Assets	429,595	---	429,595
Net Cash (Used) by Capital and Related Financing Activities	(1,854,252)	---	(1,854,252)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Transfers In	428,299	---	428,299
Net Cash Provided by Non-Capital Financing Activities	428,299	---	428,299
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and Dividends on Investments	7,110	142,596	149,706
Payments received on Notes Receivable	34,574	---	34,574
Net Cash Provided by Investing Activities	41,684	142,596	184,280
Net Increase in Cash and Cash Equivalents	837,994	1,831,670	2,669,664
Cash and Cash Equivalents at Beginning of Year	3,197,773	4,788,052	7,985,825
Cash and Cash Equivalents at End of Year	\$ 4,035,767	\$ 6,619,722	\$ 10,655,489
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH</u>			
<u>PROVIDED BY OPERATING ACTIVITIES</u>			
Operating (Loss)	\$ (804,261)	\$ (2,320,828)	\$ (3,125,089)
<i>Adjustments to Reconcile Operating Income (Loss)</i>			
<i>to Net Cash Provided by (Used for) Operating Activities:</i>			
Depreciation	2,803,243	---	2,803,243
<i>(Increase) Decrease in Assets and</i>			
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Receivable	18,937	1,842	20,779
Other Non-Operating Revenue	284,523	---	284,523
Due from Other Governments	29,878	---	29,878
Inventories	(54,140)	---	(54,140)
Accounts Payable	(73,596)	(26,242)	(99,838)
Accrued Wages and Compensated Absences	17,679	2,700	20,379
Contracts and Retainers Payable	---	(7,576)	(7,576)
Due to Other Funds	---	(103)	(103)
Post Employment Benefit Obligation	---	3,651,762	3,651,762
Estimated Liability for Damage Claims	---	387,519	387,519
Total Adjustments	3,026,524	4,009,902	7,036,426
Net Cash Provided by Operating Activities	\$ 2,222,263	\$ 1,689,074	\$ 3,911,337

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CITY OF SIOUX CITY, IOWA
COMBINING AND INDIVIDUAL FUND STATEMENTS
FIDUCIARY FUNDS

Agency Funds - Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The following represents the funds and/or government agencies for which the City acts in an agent capacity.

Sioux City Housing Trust – To account for the activity of the Sioux City Housing Trust Fund.

Revolving - To account for refunds to City customers.

Woodbury County Information Communication Commission (WCICC) - To account for the activity of the WCICC.

Museum Building Property, Inc. – To account for the activity of Museum Building Property, Inc.

Siouxland Historic Auditorium Restoration Project (SHARP) – To account for the activity of the SHARP.

CITY OF SIOUX CITY, IOWA
 COMBINING STATEMENT OF NET ASSETS - FIDUCIARY FUNDS
 JUNE 30, 2008

	Sioux City Housing Trust Fund	Revolving	Woodbury County Information Communication Commission	Museum Building Property Inc.	Siouxland Historic Auditorium Restoration Project (SHARP)	Totals
ASSETS						
Cash and Cash Equivalents	\$ 110,581	\$ 173,438	\$ 467,606	\$ 790,524	\$ ---	\$ 1,542,149
Accounts Receivable	---	27,700	19,209	17,333	---	64,242
Total Assets	<u>110,581</u>	<u>201,138</u>	<u>486,815</u>	<u>807,857</u>	<u>---</u>	<u>1,606,391</u>
LIABILITIES						
Accounts Payable	---	201,138	---	---	---	201,138
Due to Other Governments	<u>110,581</u>	<u>---</u>	<u>486,815</u>	<u>807,857</u>	<u>---</u>	<u>1,405,253</u>
Total Liabilities	<u>110,581</u>	<u>201,138</u>	<u>486,815</u>	<u>807,857</u>	<u>---</u>	<u>1,606,391</u>
Total Net Assets	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

CITY OF SIOUX CITY, IOWA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

SIOUX CITY HOUSING TRUST FUND	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ ---	\$ 151,251	\$ 40,670	\$ 110,581
Total Assets	---	151,251	40,670	110,581
<u>LIABILITIES</u>				
Due to Other Governments	---	151,251	40,670	110,581
Total Liabilities	\$ ---	\$ 151,251	\$ 40,670	\$ 110,581
REVOLVING				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ ---	\$ 1,364,960	\$ 1,191,522	\$ 173,438
Accounts Receivable	26,520	711,639	710,459	27,700
Total Assets	26,520	2,076,599	1,901,981	201,138
<u>LIABILITIES</u>				
Accounts Payable	26,520	2,076,599	1,901,981	201,138
Total Liabilities	\$ 26,520	\$ 2,076,599	\$ 1,901,981	\$ 201,138
WOODBURY COUNTY INFORMATION COMMUNICATION COMMISSION (WCICC)				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 187,612	\$ 3,561,532	\$ 3,281,538	\$ 467,606
Accounts Receivable	17,837	594,690	593,318	19,209
Total Assets	205,449	4,156,222	3,874,856	486,815
<u>LIABILITIES</u>				
Due to Other Governments	205,449	4,156,222	3,874,856	486,815
Total Liabilities	\$ 205,449	\$ 4,156,222	\$ 3,874,856	\$ 486,815

CITY OF SIOUX CITY, IOWA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - FIDUCIARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

MUSEUM BUILDING PROPERTY INC.	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ ---	\$ 20,494,099	\$ 19,703,575	\$ 790,524
Accounts Receivable	---	173,333	156,000	17,333
Total Assets	---	20,667,432	19,859,575	807,857
<u>LIABILITIES</u>				
Due to Other Governments	---	20,667,432	19,859,575	807,857
Total Liabilities	\$ ---	\$ 20,667,432	\$ 19,859,575	\$ 807,857
 SIOUXLAND HISTORIC AUDITORIUM RESTORATION PROJECT (SHARP)				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ ---	\$ 580,557	\$ 580,557	\$ ---
Total Assets	---	580,557	580,557	---
<u>LIABILITIES</u>				
Due to Other Governments	---	580,557	580,557	---
Total Liabilities	\$ ---	\$ 580,557	\$ 580,557	\$ ---
 TOTAL - ALL AGENCY FUNDS				
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 187,612	\$ 26,152,399	\$ 24,797,862	\$ 1,542,149
Accounts Receivable	44,357	1,479,662	1,459,777	64,242
Total Assets	231,969	27,632,061	26,257,639	1,606,391
<u>LIABILITIES</u>				
Accounts Payable	26,520	2,076,599	1,901,981	201,138
Due to Other Governments	205,449	25,555,462	24,355,658	1,405,253
Total Liabilities	\$ 231,969	\$ 27,632,061	\$ 26,257,639	\$ 1,606,391

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CITY OF SIOUX CITY, IOWA
STATISTICAL SECTION

CITY OF SIOUX CITY, IOWA

STATISTICAL SECTION

(Unaudited)

This part of the City of Sioux City's comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures and supplementary information. This information has not been audited by the independent auditor.

Contents

Table

Financial Trends

These tables contain trend information that may assist the reader in assessing the City's current financial performance by placing it in historical perspective.

I -V

Revenue Capacity

These tables contain information that may assist the reader in assessing the City's most significant local revenue source, the property tax.

VI-X

Debt Capacity

These tables present information that may assist the reader in analyzing the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

XI-XV

Economic & Demographic Information

These tables offer economic and demographic indicators to assist the reader in understanding the environment within which the government's financial activities take place.

XVI-XVII

Operating Information

These tables contain service and infrastructure indicators that can inform one's understanding how the information in the City's financial statements relates to the services the City provides and the activities it performs.

XVIII-XX

Source:

Unless otherwise noted, the information in these tables is derived from the annual financial report for the relevant year. The City implemented GASB No. 34 in fiscal year 2002, therefore tables presenting government-wide information includes only seven years.

CITY OF SIOUX CITY, IOWA
GOVERNMENT-WIDE NET ASSETS BY COMPONENT²
LAST SEVEN FISCAL YEARS¹
(ACCRUAL BASIS OF ACCOUNTING)

	2002	2003	FISCAL YEAR 2004
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	\$ 101,371,194	\$ 132,205,841	\$ 165,606,928
Restricted for:			
Capital Improvements	5,074,878	---	10,666,980
Debt Service	4,061,206	3,802,491	4,924,215
Endowment, non-expendable	621,662	660,395	724,772
Unrestricted	44,457,987	47,747,865	29,559,632
Total Governmental Activities Net Assets	<u>155,586,927</u>	<u>184,416,592</u>	<u>211,482,527</u>
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	55,758,246	60,353,358	56,065,900
Restricted for:			
Debt Service	---	---	---
Unrestricted	14,079,033	9,184,436	14,102,161
Total Business-Type Activities Net Assets	<u>69,837,279</u>	<u>69,537,794</u>	<u>70,168,061</u>
Primary Government			
Invested in Capital Assets, Net of Related Debt	157,129,440	192,559,199	221,672,828
Restricted for:			
Capital Improvements ³	5,074,878	---	10,666,980
Debt Service	4,061,206	3,802,491	4,924,215
Endowment, non-expendable	621,662	660,395	724,772
Unrestricted	58,537,020	56,932,301	43,661,793
Total Primary Government Net Assets	<u>\$ 225,424,206</u>	<u>\$ 253,954,386</u>	<u>\$ 281,650,588</u>

Notes:

¹ The City implemented GASB Statement No. 34 in fiscal year 2002, therefore, seven years of government-wide financial data is presented.

² Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Iowa or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City.

³ In fiscal year 2003, the entire Capital Improvements fund balance was encumbered, primarily for the Events Center project.

TABLE I

2005	2006	2007	2008
\$ 163,066,644	\$ 178,531,068	\$ 202,244,071	\$ 201,725,694
18,095,819	15,772,571	1,527,272	17,324,318
2,411,720	1,438,126	1,438,831	3,203,515
782,515	838,105	927,910	971,321
52,580,385	56,134,972	48,896,046	46,553,214
<u>236,937,083</u>	<u>252,714,842</u>	<u>\$ 255,034,130</u>	<u>269,778,062</u>
57,908,190	59,757,382	\$ 70,041,912	81,233,654
---	---	496,000	486,158
<u>14,725,602</u>	<u>21,081,482</u>	<u>21,021,615</u>	<u>13,286,975</u>
<u>72,633,792</u>	<u>80,838,864</u>	<u>91,559,527</u>	<u>95,006,787</u>
220,974,834	238,288,450	272,285,983	282,959,348
18,095,819	15,772,571	15,827,272	17,324,318
2,411,720	1,438,126	1,934,831	3,689,673
782,515	838,105	927,910	971,321
67,305,987	77,216,454	69,917,661	59,840,189
<u>\$ 309,570,875</u>	<u>\$ 333,553,706</u>	<u>\$ 360,893,657</u>	<u>\$ 364,784,849</u>

TABLE II

CITY OF SIOUX CITY, IOWA
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS²
(ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR						
	2002	2003	2004	2005	2006	2007	2008
Expenses¹							
Governmental Activities:							
Public Safety	\$ 21,048,856	\$ 24,129,343	\$ 24,901,874	\$ 27,628,436	\$ 27,117,017	\$ 28,854,253	\$ 30,260,933
Community Protection	---	---	---	---	---	---	---
Public Works	---	10,960,350	11,000,039	11,028,031	13,640,878	15,506,549	19,638,707
Culture and Recreation	---	11,183,008	12,183,759	13,550,064	14,727,651	16,080,955	17,340,040
Human Development	6,166,316	---	---	---	---	---	---
Community and Economic Development	---	11,017,771	10,680,718	8,402,228	10,965,458	10,787,387	25,630,391
Home and Community Development	39,315,091	---	---	---	---	---	---
General Government	---	15,803,180	650,274	5,257,329	5,791,061	10,471,162	13,073,878
Policy and Administration	25,273,412	---	---	---	---	---	---
Debt Service	---	---	---	---	---	---	---
Capital Projects ⁴	---	---	---	---	---	---	---
Interest Expense	---	4,216,065	8,668,744	5,678,533	5,992,311	5,980,529	6,490,067
Unallocated Depreciation Expense	6,382,983	5,523,373	5,334,401	2,874,889	8,948,563	1,203,328	---
Total Governmental Activities Expenses	98,206,658	6,305,406	6,718,649	4,289,476	---	---	---
		89,138,496	80,138,458	78,708,976	87,182,939	88,884,163	112,434,016
Business-Type Activities:							
Airport	---	3,783,809	3,547,215	3,541,192	4,825,894	3,614,198	3,613,044
Water	---	10,446,242	11,693,816	9,451,225	7,465,007	7,594,727	8,878,234
Sewer	---	8,987,353	10,225,066	10,106,125	11,414,499	11,306,475	12,815,794
Solid Waste	---	3,168,508	3,642,375	4,876,127	3,980,655	4,108,577	4,721,183
Home and Community Development	22,167,410	---	---	---	---	---	---
Parking	---	1,269,823	1,272,388	1,152,837	1,220,276	1,475,538	1,425,352
Skyway System	---	290,645	343,430	300,431	254,663	322,577	303,892
Total Business-Type Activities Expenses	22,167,410	27,936,380	30,728,230	29,426,937	29,181,014	28,422,092	31,757,499
Total Primary Government Expenses	120,374,068	117,074,876	110,866,748	108,135,913	116,343,953	117,306,255	144,191,515
Program Revenues¹							
Governmental Activities:							
Charges for Services:							
Public Safety	---	1,797,850	306,263	288,873	280,292	283,846	351,518
Community Protection	---	---	---	---	---	---	---
Public Works	1,606,056	1,832,618	3,006,966	3,153,921	3,384,769	3,670,886	3,911,984
Culture and Recreation	---	938,765	1,123,362	4,502,333	4,547,640	4,855,063	5,251,614
Human Development	932,104	---	---	---	---	---	---
Community and Economic Development	---	1,968,650	738,406	886,813	871,956	891,801	1,030,980
Home and Community Development	7,896,550	---	---	---	---	---	---
General Government	---	16,484,226	4,578,523	6,606,159	3,445,465	2,695,053	9,436,829
Policy and Administration	18,779,992	---	---	---	---	---	---
Capital Projects	---	---	---	---	---	---	---
Operating Grants and Contributions	12,835,750	21,167,457	20,833,159	24,493	22,597	---	---
Capital Grants and Contributions	12,762,481	15,670,270	15,935,106	20,615,010	20,355,850	19,595,863	19,163,094
Special Assessments	731,180	338,882	---	5,645,934	9,081,256	6,656,241	4,714,416
Total Governmental Activities Program Revenues	55,544,103	60,198,718	46,521,785	41,583,536	41,989,825	38,648,752	43,860,435

FISCAL YEAR

	2002	2003	2004	2005	2006	2007	2008
Business-Type Activities:							
Charges for Services:							
Airport	---	2,350,085	1,548,766	1,556,390	1,591,496	1,407,558	1,707,199
Water	---	7,380,118	7,742,305	8,458,775	9,842,528	10,590,423	10,308,555
Sewer	---	10,776,672	10,807,909	10,881,489	10,735,055	11,848,359	14,206,172
Solid Waste	---	3,538,028	4,282,988	4,357,118	4,397,189	4,911,254	4,754,467
Home and Community Development	23,664,198	---	---	---	---	---	---
Parking	---	1,226,075	1,176,276	1,067,911	1,069,120	1,004,738	1,158,055
Skyway System	---	290,645	343,430	300,431	343,683	322,577	303,892
Operating Grants and Contributions	831,046	---	503,502	3,725,102	2,813,675	3,940,017	1,062,111
Total Business-Type Activities Program Revenues	24,495,244	27,032,588	26,385,176	30,347,216	30,703,746	34,024,926	33,500,451
Total Primary Government Program Revenues	80,039,347	87,251,306	72,906,951	71,940,752	72,693,571	72,673,571	77,360,886
Net (Expense)/Revenue³							
Governmental Activities	(42,682,555)	(28,939,778)	(33,616,573)	(37,115,440)	(45,193,114)	(50,235,411)	(68,573,681)
Business-Type Activities	2,327,834	(893,792)	(4,343,114)	920,279	1,542,732	5,602,834	1,742,952
Total Primary Government Net Expense	(40,354,721)	(29,833,570)	(37,959,787)	(36,195,161)	(43,650,382)	(44,632,577)	(66,830,729)
General Revenues							
Governmental Activities:							
Property Taxes	35,778,991	39,851,751	41,059,605	44,032,023	44,670,160	45,743,901	47,592,848
Franchise Taxes	2,082,885	2,553,597	2,220,948	2,819,425	2,609,122	2,810,233	2,793,497
Hotel-Motel Taxes	815,659	693,391	781,039	819,901	890,533	873,749	951,260
Local Option Sales Taxes	7,941,416	8,707,139	8,854,807	9,039,490	9,116,344	10,876,276	10,521,527
Interest	1,385,238	1,093,276	768,608	1,631,250	3,691,733	3,959,731	3,296,165
Revenue from the Use of Property	3,449,175	2,964,164	3,564,962	---	---	---	---
Revenue from Sale of Uncapitalized Property	---	---	---	185,424	715,093	859,249	230,112
Miscellaneous	2,769,278	2,107,173	2,895,044	2,720,836	2,503,184	2,110,285	2,355,707
Net Gain on Sale of Capital Assets	139,869	---	---	460,091	44,155	180,088	2,035,150
Transfers	(320,648)	(201,048)	157,595	383,333	(3,269,450)	(588,814)	(798,753)
Total Governmental Activities	54,041,863	57,769,443	60,302,608	62,091,773	60,970,874	66,854,698	69,017,513
Business-Type Activities:							
Interest	417,422	264,882	295,742	438,552	825,506	1,198,245	735,839
Revenue from the Sale of Uncapitalized Property	71,243	116,085	75,465	---	433,482	---	---
Miscellaneous	4,111	2,292	4,046,313	225,128	2,126,499	484,370	250,220
Net Gain on Sale of Capital Assets	---	---	---	1,265,105	7,403	3,128	65,356
Transfers	320,648	201,048	(157,595)	(383,333)	3,269,450	558,814	758,753
Total Business-Type Activities	813,424	584,307	4,259,925	1,545,452	6,662,340	2,244,557	1,810,168
Total Primary Government	54,855,287	58,353,750	64,562,533	63,637,225	67,633,214	69,099,255	70,827,681
Change in Net Assets							
Governmental Activities	11,379,308	28,829,665	26,686,935	24,976,333	15,777,760	16,619,287	443,932
Business-Type Activities	3,141,258	(299,485)	(83,189)	2,465,731	8,205,072	7,847,391	3,553,120
Total Primary Government	\$ 14,520,566	\$ 28,530,180	\$ 26,602,746	\$ 27,442,064	\$ 23,982,832	\$ 24,466,678	\$ 3,967,052

Notes:

¹ The State of Iowa program levels changed in Fiscal Year 2003.

² The City Implemented GASB Statement No. 34 in fiscal year 2002, therefore, seven years of government-wide financial data is presented.

³ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

⁴ In fiscal year 2008, capital projects began to be allocated to their respective program functions.

TABLE III

**CITY OF SIOUX CITY, IOWA
TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

FISCAL YEAR	GENERAL PROPERTY TAXES ¹	LOCAL OPTION SALES TAXES	BANK FRANCHISE TAXES ³	UTILITY FRANCHISE TAXES ²	CABLE TV FRANCHISE TAX	HOTEL- MOTEL TAXES	TOTAL TAXES
1999	\$ 31,674,675	\$ 8,377,968	\$ 129,135	\$ 1,537,733	\$ 322,879	\$ 874,869	\$ 42,917,259
2000	32,629,478	8,725,415	135,784	1,569,485	337,886	847,425	44,245,473
2001	34,321,188	8,701,410	131,732	2,174,699	348,365	761,523	46,438,917
2002	35,616,651	8,254,737	117,997	1,609,194	355,693	815,659	46,769,931
2003	39,842,558	8,484,774	109,028	2,101,499	343,070	693,391	51,574,320
2004	41,062,196	8,881,668	118,143	1,751,309	351,497	781,039	52,945,852
2005	44,015,693	9,181,382	83,659	2,390,727	345,038	819,901	56,836,400
2006	44,497,164	8,927,742	---	2,259,183	349,939	890,533	56,924,561
2007	45,743,901	10,876,276	---	2,432,504	377,729	873,749	60,304,159
2008	\$ 47,592,848	\$ 10,521,527	\$ ---	\$ 2,423,628	\$ 369,869	\$ 951,260	\$ 61,859,132
Percentage Change In Dollars Over 10 Years	50.26%	25.59%	-100.00%	57.61%	14.55%	8.73%	44.14%

Notes:

¹ In fiscal year 2003, the City property tax levy increased from 14.40683 to 16.00121.

² In fiscal years 2001, 2003 and 2005, utility franchise taxes increased due to increases in City-wide utility sales by the City's utility provider, MidAmerican Energy.

³ Bank franchise taxes were implemented for ten years and were completed during fiscal year 2005.

TABLE IV

CITY OF SIOUX CITY, IOWA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved ¹	\$ 247,529	\$ 492,694	\$ 298,477	\$ 475,175	\$ 235,828	\$ 330,372	\$ 465,774	\$ 333,970	\$ 330,765	\$ 368,976
Unreserved	4,557,806	4,312,731	4,521,415	4,485,508	4,734,750	4,887,269	5,716,529	6,425,351	7,226,338	7,696,996
Total General Fund	4,805,335	4,805,425	4,819,892	4,960,683	4,970,578	5,017,641	6,182,303	6,759,321	7,557,103	8,065,972
All Other Governmental Funds										
Reserved	17,145,698	24,131,849	30,369,443	35,949,563	44,168,957	35,698,820	57,733,852	55,314,255	51,112,529	54,238,966
Unreserved, reported in:										
Special Revenue Funds	2,880,847	5,941,854	6,696,954	7,007,526	4,681,193	4,721,544	5,368,184	7,542,829	9,534,586	8,825,958
Total All Other Governmental Funds ²	20,026,545	30,073,703	37,066,397	42,957,089	48,850,150	40,420,364	63,102,036	62,857,084	60,647,115	63,064,924
Total Governmental Funds										
Reserved	17,393,227	24,624,543	30,667,920	36,424,738	44,404,785	36,029,192	58,199,626	55,648,225	51,443,294	54,607,942
Unreserved	7,438,653	10,254,585	11,218,369	11,493,034	9,415,943	9,408,813	11,084,713	13,988,180	16,760,924	16,522,954
Total Governmental Funds	\$ 24,831,880	\$ 34,879,128	\$ 41,886,289	\$ 47,917,772	\$ 53,820,728	\$ 45,438,005	\$ 69,284,339	\$ 69,616,405	\$ 68,204,218	\$ 71,130,896

Notes:

¹ The fluctuations in the General Fund reserved fund balance are due to the encumbrances at year end.

² The fluctuations in the fund balance result from construction projects in which funds are borrowed in one year and spent in another fiscal year.

TABLE V

CITY OF SIOUX CITY, IOWA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 43,063,085	\$ 44,448,618	\$ 46,257,444	\$ 46,580,104	\$ 51,705,623	\$ 52,998,921	\$ 56,614,493	\$ 57,223,300	\$ 60,501,050	\$ 61,867,015
Special Assessments	739,397	683,722	466,895	502,280	440,633	226,404	301,359	297,536	251,812	260,969
Regulatory Fees	952,100	999,535	1,032,075	1,061,288	1,250,875	1,237,582	1,328,107	1,174,657	1,233,658	1,347,989
Intergovernmental Revenue	18,493,448	22,386,325	21,152,816	32,475,237	36,642,152	36,359,020	25,599,234	26,989,896	26,156,355	23,773,756
Revenue from the Use of Property	3,521,039	3,494,669	3,536,082	3,629,669	3,041,082	3,482,104	4,462,980	4,431,425	4,254,653	4,173,576
Charges for Services	5,631,781	6,318,779	6,206,583	6,453,870	6,279,171	6,511,977	7,079,903	7,067,902	7,817,733	7,833,868
Interest	1,516,287	2,082,505	2,650,589	1,385,238	1,093,276	783,379	1,569,427	3,560,311	3,797,191	3,151,839
Contributions	286,415	357,171	211,687	503,475	195,575	267,001	260,806	2,410,634	247,534	257,845
Miscellaneous	784,770	1,987,970	1,535,484	2,573,765	1,991,930	2,601,848	2,366,864	2,178,484	1,978,346	1,918,522
Total Revenues	74,969,322	82,759,294	83,049,445	95,144,926	102,641,317	104,448,238	99,583,173	105,334,345	106,258,332	104,585,179
Expenditures¹										
Public Safety	---	---	---	---	24,262,437	24,921,335	27,162,912	27,135,419	27,927,945	28,364,591
Community Protection	18,894,778	20,824,905	21,293,946	23,629,295	---	---	---	---	---	---
Public Works	---	---	---	---	11,004,008	10,918,769	10,932,711	11,985,865	13,199,362	13,791,226
Culture and Recreation	---	---	---	---	11,132,692	12,210,191	13,153,004	13,233,666	13,612,396	14,711,438
Human Development	9,509,737	10,174,183	10,159,682	10,589,986	---	---	---	---	---	---
Community and Economic Development	---	---	---	---	11,011,474	10,654,583	9,142,019	11,279,588	10,719,584	10,836,744
Home and Community Development	14,662,265	15,596,842	17,097,358	18,148,505	---	---	---	---	---	---
General Government	---	---	---	---	3,073,574	3,071,353	3,395,797	2,891,590	2,821,790	---
Policy and Administration	---	---	---	---	---	---	---	---	---	---
Debt Service	5,641,957	5,769,526	5,649,458	6,503,907	---	---	---	---	---	---
Principal	---	---	---	---	---	---	---	---	---	---
Interest and Fiscal Charges	9,260,795	10,880,625	10,694,588	6,239,281	10,692,841	11,536,556	13,783,047	16,829,547	17,531,767	27,720,607
Capital Projects	4,799,984	2,912,097	4,891,608	9,570,196	5,684,742	5,479,590	5,787,508	6,009,331	6,004,815	(5,332,562)
Total Expenditures	14,957,113	15,140,517	17,417,408	31,375,589	46,244,027	45,529,590	9,193,970	28,442,887	23,636,330	34,288,621
Excess of Revenues over (under) Expenditures	77,726,630	81,298,695	87,144,058	106,056,739	123,095,795	124,321,967	92,550,968	117,807,903	115,455,969	127,615,513
Other Financing Sources (Uses)										
Proceeds from Issuance of Bonds and Notes	(2,738,308)	1,460,599	(4,094,613)	(10,911,813)	(20,454,478)	(19,873,731)	7,032,205	(12,473,568)	(9,197,637)	(23,030,334)
Proceeds from Refunding Bonds Issued	9,121,760	8,885,281	12,562,441	16,114,622	26,889,906	11,867,975	18,945,000	16,562,021	8,688,000	24,579,000
Payment to Refunded Bond Escrow Agent	---	---	5,370,000	4,062,300	4,455,675	2,548,000	3,468,000	---	---	11,710,323
Premiums on Bonds Issued	---	---	(5,300,000)	(3,960,000)	(4,446,245)	(2,528,000)	(3,448,000)	---	---	(11,840,323)
Discounts on Bonds Issued	---	---	---	172,081	43,002	42,356	62,229	25,137	94,586	414,731
Sale of Uncapitalized Property	---	---	(135,175)	---	(105,094)	(10,763)	(89,280)	(29,993)	---	---
Transfers In	---	---	---	---	---	---	---	---	---	---
Transfers Out	30,479,873	22,661,397	25,137,390	30,969,460	31,433,852	27,915,915	35,383,804	37,227,859	39,003,460	2,280,333
Total Other Financing Sources (Uses)	(30,479,873)	(22,661,397)	(25,137,390)	(31,003,332)	(31,913,662)	(28,724,475)	(37,672,513)	(40,979,400)	(40,000,596)	45,028,357
Net Change in Fund Balances	9,121,760	8,885,281	12,497,266	18,355,131	26,357,434	11,111,008	16,669,240	12,805,624	7,785,450	25,957,012
Debt Service as a percentage of non-capital expenditures ²	\$ 6,383,452	\$ 10,346,880	\$ 8,402,653	\$ 5,443,318	\$ 5,902,956	\$ (8,762,723)	\$ 23,701,445	\$ 332,066	\$ (1,412,187)	\$ 2,926,678
	n/a	n/a	n/a	16.99%	18.23%	18.55%	21.74%	23.44%	25.44%	20.60%

Note:

¹ The State of Iowa program levels changed in 2003.² The non-capital expenditures for years 1999-2001 is not readily available.

TABLE VI

CITY OF SIOUX CITY, IOWA
 ASSESSED AND TAXABLE VALUE OF TAXABLE PROPERTY¹
 LAST TEN FISCAL YEARS

FISCAL YEAR	REAL PROPERTY		UTILITIES		TOTAL		TOTAL TAXABLE VALUE TO TOTAL ASSESSED VALUE
	ASSESSED VALUE	TAXABLE VALUE ²	ASSESSED VALUE	TAXABLE VALUE	ASSESSED VALUE	TAXABLE VALUE	
1999	\$ 2,505,460,937	\$ 1,410,790,886	\$ 188,005,845	\$ 188,002,439	\$ 2,693,466,782	\$ 1,598,793,325	59%
2000	2,545,441,168	1,498,668,502	168,584,134	168,584,144	2,714,025,302	1,667,252,646	61%
2001	2,666,055,791	1,571,433,991	130,130,042	130,130,042	2,796,185,833	1,701,564,033	61%
2002	2,757,749,024	1,660,580,572	130,515,881	130,515,881	2,888,264,905	1,791,096,453	62%
2003	2,944,880,846	1,665,576,989	129,163,982	129,163,982	3,074,044,828	1,794,740,971	58%
2004	2,978,740,856	1,739,587,340	131,714,015	131,714,015	3,110,454,871	1,871,301,355	60%
2005	3,032,174,354	1,734,566,855	131,744,261	131,744,261	3,163,918,615	1,866,311,116	59%
2006	3,099,265,840	1,786,220,561	124,848,499	124,848,499	3,224,114,339	1,911,069,060	59%
2007	3,280,496,069	1,831,228,796	123,180,706	123,180,706	3,403,676,775	1,954,409,502	57%
2008	\$ 3,330,737,211	\$ 1,855,056,995	\$ 119,580,684	\$ 119,580,684	\$ 3,450,317,895	\$ 1,974,637,679	57%

Source: Woodbury County, Iowa, County Auditor

Notes:

¹ Taxable Value does not include the Tax Increment Levy.

² Taxable value = (percent rollback * assessed value) - exemptions (military, homestead, elderly, etc.)

TABLE VII

CITY OF SIOUX CITY, IOWA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF TAXABLE VALUE)
LAST TEN FISCAL YEARS
TAX RATES

FISCAL YEAR	CITY OF SIOUX CITY				OVERLAPPING RATES							TOTAL DIRECT AND OVERLAPPING	
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	TOTAL DIRECT	SCHOOL DISTRICT	WESTERN			CITY ASSESSOR	AG EXTENSION	SPECIAL STATE		TOTAL OVERLAPPING
						COUNTY	IOWA TECH	CITY					
1999	\$ 8,250	\$ 5,624	\$ 0,110	\$ 13,984	\$ 14,994	\$ 6,115	\$ 0,595	\$ 0,464	\$ 0,060	\$ 0,005	\$ 22,233	\$ 36,217	
2000	8,520	5,007	0,420	13,947	13,648	6,270	0,560	0,526	0,058	0,005	21,067	35,014	
2001	8,520	5,267	0,620	14,407	14,696	6,317	0,610	0,539	0,057	0,005	22,224	36,631	
2002	8,610	4,617	1,180	14,407	14,435	6,868	0,621	0,450	0,054	0,005	22,433	36,840	
2003	8,600	5,581	1,820	16,001	15,770	6,820	0,944	0,620	0,054	0,004	24,213	40,214	
2004	8,600	6,573	1,260	16,433	16,151	7,109	0,541	0,582	0,053	0,004	24,440	40,873	
2005	8,430	8,187	1,170	17,787	17,016	7,660	0,572	0,431	0,054	0,004	25,737	43,524	
2006	8,490	8,831	0,650	17,971	17,500	7,691	0,699	0,426	0,054	0,004	26,374	44,345	
2007	8,430	8,295	1,530	18,255	16,768	7,778	0,703	0,487	0,051	0,004	25,791	44,046	
2008	\$ 8,490	\$ 8,693	\$ 1,290	\$ 18,473	\$ 17,519	\$ 8,004	\$ 0,736	\$ 0,485	\$ 0,125	\$ 0,004	\$ 26,872	\$ 45,345	

Source: Woodbury County, Iowa; County Auditor

TABLE VIII

CITY OF SIOUX CITY, IOWA
PRINCIPAL TAXPAYERS AND THEIR ASSESSED VALUATIONS
JUNE 30, 2008

TAXPAYER	2008			1999		
	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE	ASSESSED VALUE	RANK	% OF TOTAL ASSESSED VALUE
SOUTHERN HILLS MALL	\$ 73,093,200	1	2.12%	\$ 55,959,100	2	2.08%
WAL-MART	38,685,600	2	1.12%	---	0	0.00%
LAKEPORT COMMONS	37,077,100	3	1.07%	---	0	0.00%
LARRY BOOK ET AL	28,382,500	4	0.82%	26,432,000	4	0.98%
DAVENPORT ET AL	24,138,500	5	0.70%	20,208,800	5	0.75%
CLOVERLEAF COLD STORAGE	23,455,300	6	0.68%	29,014,800	3	1.08%
WA KLINGER	22,140,900	7	0.64%	16,999,100	6	0.63%
DAVIES IOWA LOGISTICS PORTFOLIO I LLC	18,119,300	8	0.53%	---	0	0.00%
ST. LUKE'S MEDICAL	17,122,400	9	0.50%	12,178,650	10	0.45%
HANDY LC	15,568,300	10	0.45%	14,909,300	8	0.55%
HOLTZ CONSTRUCTION	---	0	0.00%	16,817,400	7	0.62%
MIDAMERICAN ENERGY ¹	---	0	0.00%	156,546,842	1	5.81%
QWEST	---	0	0.00%	13,699,249	9	0.51%
TOTAL PRINCIPAL TAXPAYERS	\$ 297,783,100		8.63%	\$ 362,765,241		13.47%
ALL OTHER TAXPAYERS	3,152,534,795		91.37%	2,330,701,541		86.53%
TOTAL ASSESSED VALUATION	<u>\$ 3,450,317,895</u>		<u>100.00%</u>	<u>\$ 2,693,466,782</u>		<u>100.00%</u>

Source: City Assessor, Sioux City, Iowa

Note:

¹ The change in rank of MidAmerican Energy over ten years reflects the change in valuation of utilities.

TABLE IX

CITY OF SIOUX CITY, IOWA
PROPERTY TAX LEVIES AND COLLECTIONS¹
LAST TEN FISCAL YEARS

FISCAL YEAR	TOTAL ² TAX LEVY	CURRENT TAX COLLECTIONS	PERCENT OF LEVY COLLECTED	COLLECTIONS IN SUBSEQUENT YEARS ³	TOTAL TAX COLLEC- TIONS	PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY	OUT- STANDING DELINQUENT TAXES	PERCENT OF DELINQUENT TAXES TO TAX LEVY
1999	\$ 22,740,220	\$ 22,603,463	99.40%	N/A	\$ 22,603,463	99.40%	\$ 136,757	0.60%
2000	23,375,102	22,732,052	97.25%	N/A	22,732,052	97.25%	643,050	2.75%
2001	24,695,282	24,574,878	99.51%	N/A	24,574,878	99.51%	120,404	0.49%
2002	26,152,122	25,610,836	97.93%	N/A	25,610,836	97.93%	541,286	2.07%
2003	29,270,945	28,709,279	98.08%	N/A	28,709,279	98.08%	561,666	1.92%
2004	31,031,623	30,344,967	97.79%	N/A	30,344,967	97.79%	686,656	2.21%
2005	33,456,833	32,553,542	97.30%	N/A	32,553,542	97.30%	903,291	2.70%
2006	34,507,900	33,669,147	97.57%	N/A	33,669,147	97.57%	838,753	2.43%
2007	36,050,819	35,160,981	97.53%	N/A	35,160,981	97.53%	889,838	2.47%
2008	\$ 36,810,674	\$ 35,823,650	97.32%	N/A	\$ 35,823,650	97.32%	\$ 987,024	2.68%

Source: Woodbury County Treasurer, Woodbury County, Iowa

Notes:

¹ GAAP Basis.

² Tax Increment Levy and SID tax Levy not included.

³ The Woodbury County Treasurer's Office does not record for which year delinquent payments are made.

**CITY OF SIOUX CITY, IOWA
SPECIAL ASSESSMENT COLLECTIONS
LAST TEN FISCAL YEARS**

TABLE X

FISCAL YEAR	CURRENT ASSESSMENTS DUE	CURRENT ASSESSMENTS COLLECTED	PERCENT OF COLLECTIONS TO AMOUNT DUE	TOTAL OUTSTANDING CURRENT & DELINQUENT ASSESSMENTS¹
1999	\$ 184,071	\$ 739,395	402%	\$ 1,751,943
2000	175,194	679,774	388%	2,021,362
2001	202,136	473,744	234%	1,680,378
2002	168,038	505,822	301%	1,934,712
2003	193,471	442,040	228%	1,821,654
2004	182,165	283,281	156%	1,152,335
2005	115,234	307,002	266%	1,245,630
2006	124,563	298,352	240%	1,164,862
2007	116,486	252,541	217%	961,485
2008	\$ 96,149	\$ 261,656	272%	\$ 834,462

Source: Woodbury County Treasurer, Woodbury County, Iowa

Note:

¹ GAAP basis.

TABLE XI

CITY OF SIOUX CITY, IOWA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

FISCAL YEAR	GOVERNMENTAL ACTIVITIES			BUSINESS-TYPE ACTIVITIES				TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME ¹	PER CAPITA ¹
	NOTES PAYABLE	GENERAL OBLIGATION BONDS	CAPITAL LEASES	NOTES PAYABLE	GENERAL OBLIGATION BONDS	REVENUE BONDS				
1999	\$ 324,554	\$ 62,040,274	\$ 4,527,372	\$ 2,594,910	\$ 10,654,726	\$ 6,175,000	\$	86,316,836	8.69%	1,072
2000	591,462	62,139,652	4,040,302	2,439,109	10,220,348	5,725,000		85,155,873	5.37%	1,002
2001	546,521	64,821,209	3,540,000	2,277,223	10,943,791	4,960,000		87,088,744	5.49%	1,024
2002	751,146	71,408,850	3,030,000	2,110,000	10,556,150	4,420,000		92,276,146	5.82%	1,085
2003	859,792	88,040,439	2,480,000	11,870,924	9,044,561	3,840,000		116,135,716	7.32%	1,366
2004	644,709	89,042,621	1,915,000	26,463,062	8,092,379	3,240,000		129,397,771	8.15%	1,522
2005	173,333	94,904,574	1,310,000	26,276,782	7,530,426	2,595,000		134,790,115	8.37%	1,586
2006	90,771	95,359,610	670,000	31,531,535	8,530,390	1,915,000		138,097,306	8.57%	1,624
2007	25,000	87,260,843	---	41,349,668	6,839,157	1,195,000		136,669,668	7.70%	1,608
2008	\$ 20,417	\$ 95,834,142	\$ ---	\$ 61,901,747	\$ 5,950,858	\$ 465,000	\$	164,172,164	9.25%	1,931

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Schedule of Demographic and Economic Statistics, Table XVI for personal income and population data.

TABLE XII

**CITY OF SIOUX CITY, IOWA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

FISCAL YEAR	GENERAL OBLIGATION BONDS	LESS: AMOUNTS AVAILABLE IN DEBT SERVICE FUND	TOTAL	PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE¹ OF PROPERTY	PER CAPITA²
1999	\$ 72,695,000	\$ 437,474	\$ 72,257,526	4.52%	\$ 898
2000	72,360,000	3,081,924	69,278,076	4.16%	815
2001	75,765,000	2,454,780	73,310,220	4.31%	862
2002	81,965,000	4,061,206	77,903,794	4.35%	916
2003	97,085,000	3,802,491	93,282,509	5.20%	1,097
2004	97,135,000	4,924,215	92,210,785	4.93%	1,085
2005	102,435,000	2,411,720	100,023,280	5.36%	1,177
2006	103,890,000	1,438,126	102,451,874	5.36%	1,205
2007	94,100,000	1,438,831	92,661,169	4.74%	1,090
2008	\$ 101,785,000	\$ 3,203,515	\$ 98,581,485	4.99%	\$ 1,160

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

¹ See the Table of Assessed Values and Taxable Value of Taxable Property, Table VI for property value data.

² Population data can be found in the Table of Demographic and Economic Statistics, Table XVI.

TABLE XIII

CITY OF SIOUX CITY, IOWA
COMPUTATION OF DIRECT AND OVERLAPPING DEBT⁶
JUNE 30, 2008

NAME OF GOVERNMENTAL UNIT	DEBT OUTSTANDING	PERCENTAGE APPLICABLE ⁷ TO THIS GOVERNMENTAL UNIT	AMOUNT APPLICABLE TO CITY OF SIOUX CITY
Direct:			
City of Sioux City	\$ 95,854,559	100.00%	\$ 95,854,559
Overlapping:			
Woodbury County ¹	1,920,000	70.00%	1,344,000
Sioux City Community School District ²	4,994,900	99.00%	4,944,951
Western Iowa Technical College ³	19,810,000	37.70%	7,468,370
Lawton-Bronson School District ⁴	9,295,000	4.52%	420,134
Sergeant Bluff Comm School District ⁵	6,305,000	24.81%	1,564,271
Total Overlapping	42,324,900		15,741,726
TOTAL	\$ 138,179,459		\$ 111,596,285

Sources:

¹ County Auditor and Recorder, Woodbury County, Iowa² Sioux City Community School District³ Western Iowa Technical College⁴ Lawton-Bronson School District⁵ Sergeant Bluff Community School District

Notes:

⁶ Excluding General Obligation bonds reported in the Enterprise Funds.

⁷ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

TABLE XIV

**CITY OF SIOUX CITY, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$ 134,673,339	\$ 135,701,265	\$ 139,571,212	\$ 144,182,450	\$ 153,702,241	\$ 155,522,744	\$ 158,195,931	\$ 161,205,717	\$ 170,183,839	\$ 172,515,895
Total net debt applicable to limit	75,176,990	72,308,647	76,133,964	80,764,940	94,142,301	92,855,494	100,196,813	102,542,645	92,686,169	98,601,902
Legal Debt Margin	\$ 59,496,349	\$ 63,392,618	\$ 63,437,248	\$ 63,417,510	\$ 59,559,940	\$ 62,667,250	\$ 57,999,318	\$ 58,663,072	\$ 77,497,670	\$ 73,913,993
Total net debt applicable to limit as a percentage of debt limit	55.82%	53.29%	54.55%	56.02%	61.25%	59.71%	63.34%	63.61%	54.46%	57.16%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2008

ASSESSED VALUE		
Real and Personal Property Within the City		\$ 3,450,317,895
TOTAL ESTIMATED VALUATION		<u>3,450,317,895</u>
DEBT LIMIT - 5% OF ESTIMATED VALUATION		<u>172,515,895</u>
AMOUNT OF DEBT APPLICABLE TO LIMIT		
Total Bonded Debt and Long-Term Notes Payable	164,172,164	
Less:		
Revenue Bonds and Notes Payable		
Sewer Revolving Notes Payable	35,640,356	
Water Revolving Notes Payable	26,261,391	
Water Revenue Bonds	<u>465,000</u>	
Amount Available for Repayment of General Obligation Debt	<u>62,366,747</u>	
	3,203,515	
DEBT APPLICABLE TO DEBT LIMIT		<u>98,601,902</u>
LEGAL DEBT MARGIN		<u>\$ 73,913,993</u>

Notes: Under Title IX, Subtitle 2, Chapter 358C, paragraph 16 of the Iowa State Code, the City's debt limit should not exceed 5% of the estimated value of the taxable property within that district.

**CITY OF SIOUX CITY, IOWA
REVENUE BOND COVERAGE
WATER AND PARKING
LAST TEN FISCAL YEARS¹**

FISCAL YEAR	NET REVENUE	DIRECT OPERATING EXPENSES²	DEPRECIATION INCLUDED IN EXPENSES	NET REVENUE AVAILABLE FOR DEBT SERVICE	PAYMENTS ON PRINCIPAL
1999	\$ 7,216,228	\$ 6,396,282	\$ 1,225,369	\$ 819,946	\$ 565,000
2000	7,150,112	5,164,470	1,109,523	1,985,642	450,000
2001	6,801,222	5,760,247	1,173,733	1,040,975	475,000
2002	7,227,982	5,866,852	1,372,715	1,361,130	540,000
2003	7,380,118	10,061,662	1,521,262	(2,681,544)	580,000
2004	7,742,305	10,979,959	1,519,685	(3,237,654)	600,000
2005	8,458,775	8,625,392	1,525,667	(166,617)	645,000
2006	9,842,528	6,641,449	1,598,412	3,201,079	680,000
2007	10,590,423	6,679,895	1,716,745	3,910,528	720,000
2008	\$ 10,308,555	\$ 7,959,770	\$ 2,196,533	\$ 2,348,785	\$ 730,000

Notes:

¹ GAAP Basis.

² In Fiscal 1999 the Parking Revenue Bonds were retired. In Fiscal 2003 the automatic meter reading system was implemented causing an increase in water system's net expenses.

TABLE XV

<u>PAYMENTS FOR INTEREST</u>	<u>TOTAL DEBT SERVICE PAYMENTS</u>	<u>COVERAGE</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE PLUS DEPRECIATION</u>	<u>COVERAGE WITHOUT DEPRECIATION</u>
\$ 396,343	\$ 961,343	0.85	\$ 2,045,315	2.13
364,544	814,544	2.44	3,095,165	3.80
339,794	814,794	1.28	2,214,708	2.72
239,019	779,019	1.75	2,733,845	3.51
197,682	777,682	(3.45)	(1,160,282)	(1.49)
173,033	773,033	(4.19)	(1,717,969)	(2.22)
146,033	791,033	(0.21)	1,359,050	1.72
117,008	797,008	4.02	4,799,491	6.02
86,407	806,407	4.85	5,627,273	6.98
\$ 54,008	\$ 784,008	3.00	\$ 4,545,318	5.80

TABLE XVI

CITY OF SIOUX CITY, IOWA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

CALENDAR YEAR	POPULATION ¹	TOTAL PERSONAL INCOME ³	PER CAPITA PERSONAL INCOME ²	EDUCATIONAL ATTAINMENT BACHELOR'S DEGREE OR HIGHER ⁴	MEDIAN AGE ¹	SCHOOL ENROLLMENT ⁴	UNEMPLOYMENT RATE ⁵
1999	80,505	\$ 993,351,195	\$ 12,339	18%	32.1	17,222	2.70%
2000	85,013	1,586,852,658	18,666	19%	33.4	17,044	2.70%
2001	85,013	1,586,852,658	18,666	19%	33.4	16,984	3.20%
2002	85,013	1,586,852,658	18,666	19%	33.4	16,721	3.90%
2003	85,013	1,586,852,658	18,666	19%	33.4	16,505	5.00%
2004	85,013	1,586,852,658	18,666	19%	33.4	16,465	5.40%
2005	85,013	1,610,486,272	18,944	19%	33.4	16,227	4.50%
2006	85,013	1,610,486,272	18,944	20%	37.5	16,024	3.80%
2007	85,013	1,774,136,297	20,869	23%	36.2	15,736	3.70%
2008	85,013	\$ 1,774,136,297	\$ 20,869	23%	36.2	15,596	3.60%

Sources:

¹ U.S. Census Bureau² City of Sioux City Comprehensive Plan Publication "My Home, Our Neighborhood, Everybody's Hometown" for years 1998-2004; Iowa Workforce Development Website years 2005-2006; US Census Bureau American Community Survey for 2007³ Computation of per capita personal income multiplied by population⁴ Sioux City Community School District, Bishop Heelan Catholic Schools and Siouxland Community Christian School⁵ Iowa Workforce Development Website

TABLE XVII

**CITY OF SIOUX CITY
PRINCIPAL EMPLOYERS
CURRENT YEAR¹**

EMPLOYER	2008		PERCENTAGE OF TOTAL CITY EMPLOYMENT
	# OF EMPLOYEES	RANK	
Tyson Fresh Meats	4,400	1	10.40%
Mercy Medical Center	2,000	2	4.73%
Sioux City Schools	1,500	3	3.55%
185th Iowa Air National Guard	1,400	4	3.31%
St. Luke's Medical Center	1,300	5	3.07%
John Morrell	1,300	6	3.07%
City of Sioux City	1,085	7	2.57%
Western Iowa Tech Community College	706	8	1.67%
MidAmerican Energy Company	659	9	1.56%
Tur Pak Foods Inc.	500	10	1.18%
Total Principal Employers	14,850		35.11%
Other Employers	27,450		64.89%
Total Employers	42,300		100.00%

Source: Sioux City Economic Development Department

Notes:

¹ Comparative data for nine years ago not currently available.

CITY OF SIOUX CITY, IOWA
FULL-TIME EQUIVALENT CITY GOVERNMENT BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Fire	119.00	119.00	119.00	118.63	118.63	115.63	115.63	117.00	117.00	116.00
Police	153.15	157.65	157.65	159.65	160.65	158.65	159.65	153.65	152.65	153.65
Public Works										
Engineering	28.14	28.14	28.14	25.00	23.40	24.40	24.40	20.00	20.00	20.00
Field Services ¹	150.50	148.56	151.02	131.59	128.49	128.49	126.91	137.81	139.81	137.11
Transit ²	36.25	36.25	36.25	36.25	36.25	30.52	53.02	52.02	51.02	53.02
Culture and Recreation										
Art Center	10.14	10.14	9.99	9.99	9.99	9.99	9.99	9.99	9.99	9.49
Convention Center/Auditorium/Tourism	55.26	52.26	52.26	60.46	60.46	60.46	58.71	58.71	58.59	58.59
Library	39.72	39.27	39.27	38.15	38.02	36.27	36.27	36.27	36.27	36.47
Museum	9.64	9.94	9.81	9.66	9.66	9.28	9.61	9.61	9.52	9.72
Community and Economic Development ³										
Community Development	51.38	49.86	49.86	43.51	42.51	43.02	42.52	42.38	41.38	45.88
Economic Development	-	-	-	-	5.00	8.00	8.00	8.00	8.00	4.75
General Government										
Administrative Services ¹	42.98	41.15	39.40	45.75	42.55	41.05	40.05	39.55	49.00	49.55
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager ²	12.30	12.30	12.80	19.30	10.30	8.18	7.88	3.88	3.75	3.75
Finance ³	37.00	38.00	37.63	37.63	36.13	36.08	11.58	11.58	-	-
Human Resources ⁵	-	-	-	-	-	-	-	-	-	-
Human Rights	3.00	2.00	2.00	2.00	3.00	2.00	2.00	4.00	4.63	4.63
Legal	7.00	7.00	7.00	7.00	7.00	7.00	6.00	2.80	2.80	7.00
Employees under 28E Agreement										
Communications Center	26.40	26.40	26.40	25.40	25.40	24.40	24.40	24.40	24.40	24.40
Information Center	11.00	12.00	13.00	13.00	15.00	15.00	14.00	14.00	14.00	14.00
Airport	21.00	20.00	20.00	20.00	20.00	20.00	18.33	17.83	16.95	16.95
Water ¹	37.88	37.38	37.38	36.00	36.75	36.00	36.00	34.00	30.80	33.50
Sewer	17.50	17.00	17.00	16.00	15.00	15.00	15.00	15.00	13.00	13.00
Solid Waste ⁴	31.00	30.75	30.75	30.75	29.75	29.75	29.75	2.00	1.50	-
	<u>905.24</u>	<u>900.05</u>	<u>901.61</u>	<u>890.72</u>	<u>878.94</u>	<u>864.17</u>	<u>854.70</u>	<u>825.68</u>	<u>816.86</u>	<u>819.26</u>

Source: City of Sioux City Finance Department

Notes:

- ¹ The Parking Department was transferred from the Public Works (Field Services) function to the General Government (Administrative Services) function in 2002 (6 FTE's). The Public Works (Field Services) function also had reductions in various areas in 2002. The Finance Department and Administrative Services Departments were combined in 2007.
- ² The Economic Development Department was part of the Community Development Department prior to 2002. In 2002, the Economic Development Department was moved to the General Government (City Manager) function. In 2003, the Economic Development Department moved out of the General Government (City Manager) function and into the Community and Economic Development function as its own department. The Marketing Department in the General Government (City Manager) function was eliminated in 2004.
- ³ The Central Maintenance Garage was moved from the General Government (Finance) function to the Public Works (Transit) function in 2005. The Finance Department was combined with the Administrative Services Department in 2007.
- ⁴ In 2005, the Solid Waste function was contracted out.
- ⁵ The Human Resources Department was moved out of the City Manager Department into its own department within the General Government function in 2006.
- ⁶ The Real Estate Division of Economic Development was moved to Community Development in 2008.

CITY OF SIOUX CITY, IOWA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS¹

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Average physical arrests per day - adult	n/a	n/a	n/a	14.0	16.4	17.8	16.5	14.9	15.7	14.6
Average physical arrests per day - juvenile	n/a	n/a	n/a	4.8	4.2	4.8	4.4	4.5	5.0	4.0
Traffic citations issued	n/a	n/a	n/a	9,719	13,258	16,110	17,634	13,117	13,190	9,705
Fire										
Number of suppression calls	n/a	1,456	1,557	1,697	1,512	1,487	1,427	1,704	1,550	1,576
Number of emergency medical calls	n/a	3,733	3,959	4,228	4,234	4,206	4,158	3,931	4,399	4,524
% of responses where EMS on scene in 4 min	n/a	67%	67%	61%	59%	61%	61%	50%	62%	86%
Number of hazardous materials incidents in city	n/a	5	4	2	5	1	11	6	3	9
Public Works										
Streets cleaned per year (miles)	15,467	20,425	14,944	15,650	17,762	20,015	21,505	19,620	15,281	13,301
Asphalt placed (tons)	1,005	841	1,295	1,088	1,384	1,137	1,167	889	991	1,854
Potholes repaired	n/a	n/a	21,604	17,231	17,742	18,932	24,537	19,833	22,447	28,404
Dirt miles bladed and shaped	7,365	8,233	5,870	7,308	6,464	5,824	5,209	5,607	4,837	8,039
Total Transit System miles	n/a	n/a	900,417	1,135,532	821,037	688,761	674,405	681,902	666,987	677,453
Total Transit System passengers ⁴	n/a	n/a	n/a	1,220,945	1,191,507	1,007,149	1,042,757	860,519	970,808	1,224,567
Total Transit System passengers per mile	n/a	n/a	n/a	1.07	1.45	1.46	1.55	1.26	1.46	1.81
Culture and Recreation										
Swimming pool attendance ²	100,301	105,000	103,000	95,000	90,000	60,000	84,324	85,396	77,684	70,248
Museum visitation ³	45,729	48,102	44,177	48,515	59,550	63,625	64,674	50,893	50,741	47,412
Community and Economic Development										
Total residential/commercial permits issued	1,295	1,048	1,241	1,366	1,303	1,319	2,794	3,201	3,115	3,055
Property value for commercial permits issued	\$51,346,648	\$50,850,319	\$85,425,254	\$93,098,281	\$127,515,206	\$92,254,675	\$122,652,094	\$108,305,627	\$126,792,169	\$151,235,117
Property value for residential permits issued	\$14,006,949	\$6,773,144	\$6,553,949	\$14,093,553	\$11,076,078	\$19,917,765	\$20,572,504	\$24,491,184	\$26,641,760	\$27,305,791
Number of inspections made	n/a	n/a	n/a	16,144	23,424	19,364	22,594	25,026	23,324	25,012
Water										
Water production (millions of gallons)	4,606	4,898	4,839	4,821	4,858	4,784	5,457	5,081	4,844	5,024
Water main breaks per miles of pipe	0.17	0.20	0.24	0.20	0.26	0.25	0.31	0.21	0.29	0.25
Total main breaks	69	82	99	81	105	103	124	86	122	113
Length of service disruption per break (hours)	n/a	7.46	8.9	6.19	6.00	5.96	10.18	6.13	9.53	6.33
Sewer										
Sewer backups	28	56	54	51	51	57	97	93	95	90
Total hours per sewer backup	4.78	5.78	4.35	5.10	2.96	6.45	6.69	5.27	6.13	8.2
Solid Waste										
Refuse collected (tons/day) ⁵	116.31	119.37	118.61	126.66	128.00	129.24	127.08	121.85	n/a	n/a
Recyclables collected (tons/day) ⁵	7.98	8.10	7.30	6.91	6.85	6.53	8.42	8.78	n/a	n/a

Source: Various City of Sioux City departments.

Notes:

¹ Indicators are not available in all areas for all ten years.² Swimming pool attendance was low in fiscal year 2004 due to unseasonably cool weather.³ Museum attendance increased in fiscal year 2003 due to the Lewis and Clark Expedition visitors.⁴ Total Transit passengers decreased in 2006 since the number is the actual number of passengers and no longer based on a formula.⁵ Solid Waste refuse and recyclables collected is no longer available as the work is contracted out to a third party.

CITY OF SIOUX CITY, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS¹

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	n/a	n/a	n/a	n/a	n/a	n/a	49	52	46	51
Training Centers	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	7	7	7	7	7	7	7	7	7	7
Engines	n/a	n/a	n/a	n/a	n/a	n/a	15	14	14	14
Public Works										
Transit buses	n/a	n/a	n/a	n/a	n/a	n/a	44	42	38	41
Streets (miles)	439	569	510	510	510	510	510	510	510	489
Streetlights (City Owned)	641	1,164	1,170	1,283	1,283	1,339	1,384	1,379	1,457	1,461
Sidewalks (miles)	484	466	469	470	496	497	497	497	497	497
Culture and Recreation										
Parks acres	1,400	1,425	1,425	1,425	1,425	1,425	1,425	1,403	1,600	1,700
Parks	53	57	57	57	57	57	57	57	57	58
Swimming Pools	4	5	5	5	5	5	5	5	5	5
Tennis Courts	24	24	24	24	22	22	22	22	22	22
Softball Diamonds	23	23	23	23	18	13	13	13	13	13
Baseball Diamonds	26	35	35	35	40	34	34	34	34	34
Soccer Fields	10	14	14	9	9	10	10	10	10	10
Golf Courses (18 hole)	3	2	2	2	2	2	2	2	2	2
Play Fields	29	29	29	29	29	29	29	29	29	29
Cemetery										
Cemeteries (acres)	226	226	226	226	225	225	225	225	225	225
Cemeteries Maintained (acres)	226	226	226	226	180	180	180	185	185	185
Water										
Fire hydrants (City maintained)	n/a	n/a	n/a	n/a	n/a	n/a	3,476	3,543	3,535	3,524
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a	405	415	450	450
Sewer										
Sanitary Sewer (miles)	330	320	320	320	320	320	320	320	360	360
Storm Sewer (miles) ²	200	200	200	200	200	200	200	200	200	165
Solid Waste										
Solid Waste Collection Trucks	10	11	11	11	11	11	11	11	14	12
Recycling Trucks	5	5	5	5	5	5	5	5	5	0

Notes:

¹ Indicators are not available in all areas for all ten years.² Beginning in fiscal 2008, the statistic is based on a new GIS mapping system. Prior to fiscal 2008, the statistics were estimates.

CITY OF SIOUX CITY, IOWA
ADDITIONAL INFORMATION

**CITY OF SIOUX CITY HOUSING AUTHORITY
BALANCE SHEET
JUNE 30, 2008**

Performance Center Project	625-007
Project No.	IA018V0
Contract No.	<u>KC9030V</u>

ASSETS

Cash	\$ 616,901
Accounts Receivable	40,601
Interprogram Receivable	---
Hud Receivable	---
Prepaid Housing Assistance	318,065
Total Assets	<u>975,567</u>

LIABILITIES & DEFERRED CREDITS

Accounts Payable	845
Interprogram Payable	---
Security Deposits	73,666
HUD Payable	---
Accrued Liabilities	102,444
Total Liabilities	<u>176,955</u>

EQUITY:

Unrestricted Net Assets	798,612
Total Liabilities & Equity/Net Assets	<u>\$ 975,567</u>

21

625-007

1A018V0

KC9030V

KC9030V

\$ 798,612

798,612

798,612

798,612

845

— — —

102,444

— — —

73,666

(318,065)

(318,065)

— — —

(40,601)

• **•** **•** **•**

\$ 616,901

CITY OF SIOUX CITY, IOWA
SCHEDULE OF SALARY AND TRAVEL EXPENSES
FOR TEN HIGHEST PAID EMPLOYEES
FOR THE YEAR ENDED JUNE 30, 2008

EXHIBIT E-3

NAME	SALARY	ALLOWANCES/ REIMBURSED EXPENSES	DESCRIPTION
Paul A. Eckert, City Manager	\$128,430	\$5,003	Travel/ auto allowance
Judith A. Nicolls, Field Services Director	\$118,637	\$ --	
Joseph C. Frisbie, Police Chief	\$115,822	\$1,114	Travel reimbursement
Robert K. Padmore, Finance and Administrative Services Director	\$114,786	\$ 318	Travel reimbursement
David J. Dorsett, Public Works Director	\$111,549	\$2,909	Travel reimbursement
Dennis J. Gann, Executive Director CCAT	\$108,407	\$1,179	Travel reimbursement
James L. Abshier, City Attorney	\$103,180	\$ 437	Travel reimbursement
John J. Malloy, Information Services Director	\$103,125	\$ 94	Travel reimbursement
Patricia L. Heagel, Community Development Director	\$101,079	\$1,569	Travel reimbursement
Christopher R. Payer, City Engineer	\$100,615	\$1,243	Travel reimbursement

**CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008**

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 11/1/01				
Amount Issued: \$17,450,000				
City Project # 911-135				
Matures:				
	2009	4.00%	1,455,000	
	2010	4.00%	1,455,000	
	2011	4.00%	1,455,000	
	2012	4.20%	1,455,000	
	2013	4.30%	1,450,000	
	2014	4.40%	1,450,000	
				\$8,720,000
Type: Corporate Purpose				
Issued: 12/1/02				
Amount Issued: \$7,025,000				
City Project # 911-138				
Matures:				
	2009	3.25%	585,000	
	2010	3.75%	585,000	
	2011	4.00%	585,000	
	2012	4.00%	585,000	
	2013	4.00%	585,000	
	2014	4.25%	585,000	
	2015	4.25%	585,000	
				\$4,095,000
Type: Corporate Purpose				
Issued: 7/1/02				
Amount Issued: \$15,345,000				
City Project # 911-139				
Matures:				
	2009	3.50%	2,645,000	
				\$2,645,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 12/1/02				
Amount Issued: \$4,325,000				
City Project # 911-141				
Matures:	2009	3.25%	360,000	
	2010	3.40%	360,000	
	2011	3.50%	360,000	
	2012	3.60%	360,000	
	2013	3.75%	360,000	
	2014	4.00%	360,000	
	2015	4.10%	<u>360,000</u>	
				\$2,520,000
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: \$6,315,000				
City Project # 911-142				
Matures:	2009	3.00%	630,000	
	2010	3.25%	630,000	
	2011	3.50%	630,000	
	2012	3.50%	630,000	
	2013	3.50%	630,000	
	2014	3.62%	<u>630,000</u>	
				\$3,780,000
Type: Corporate Purpose				
Issued: 12/1/03				
Amount Issued: \$6,085,000				
City Project # 911-143				
Matures:	2009	3.00%	600,000	
	2010	3.00%	600,000	
	2011	3.00%	600,000	
	2012	3.25%	600,000	
	2013	3.40%	600,000	
	2014	3.50%	<u>600,000</u>	
				\$3,600,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 12/1/04				
Amount Issued: \$5,140,000				
City Project # 911-144				
Matures:	2009	3.25%	515,000	
	2010	3.38%	515,000	
	2011	3.50%	515,000	
	2012	3.75%	515,000	
	2013	4.00%	515,000	
	2014	4.00%	510,000	
	2015	4.00%	510,000	
				\$3,595,000
Type: Corporate Purpose				
Issued: 12/1/04				
Amount Issued: \$14,755,000				
City Project # 911-146				
Matures:	2009	3.00%	1,475,000	
	2010	3.13%	1,475,000	
	2011	3.13%	1,475,000	
	2012	3.25%	1,475,000	
	2013	3.38%	1,475,000	
	2014	3.55%	1,475,000	
	2015	3.63%	1,475,000	
				\$10,325,000
Type: Corporate Purpose				
Issued: 4/1/05				
Amount Issued: \$4,020,000				
City Project # 911-148				
Matures:	2009	3.50%	980,000	
				\$ 980,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: \$4,330,000				
City Project #911-147				
Matures:	2009	4.00%	435,000	
	2010	4.00%	435,000	
	2011	4.00%	435,000	
	2012	4.00%	435,000	
	2013	4.00%	430,000	
	2014	4.125%	430,000	
	2015	4.125%	430,000	
	2016	4.125%	430,000	
				\$3,460,000
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: \$12,990,000				
City Project # 911-149				
Matures:	2009	3.50%	1,300,000	
	2010	3.50%	1,300,000	
	2011	3.50%	1,300,000	
	2012	4.00%	1,300,000	
	2013	4.00%	1,300,000	
	2014	4.00%	1,300,000	
	2015	4.00%	1,295,000	
	2016	4.00%	1,295,000	
				\$10,390,000
Type: Corporate Purpose				
Issued: 12/1/05				
Amount Issued: \$1,830,000				
City Project # 911-150				
Matures:	2009	4.00%	185,000	
	2010	4.00%	185,000	
	2011	4.00%	185,000	
	2012	4.00%	185,000	
	2013	4.00%	180,000	
	2014	4.125%	180,000	
	2015	4.125%	180,000	
	2016	4.125%	180,000	
				\$1,460,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 12/1/06				
Amount Issued \$8,755,000				
City Project # 911-151				
Matures:				
	2009	4.00%	875,000	
	2010	4.00%	875,000	
	2011	4.00%	875,000	
	2012	4.00%	875,000	
	2013	4.00%	875,000	
	2014	4.00%	875,000	
	2015	4.00%	875,000	
	2016	4.00%	875,000	
	2017	4.00%	875,000	
				\$7,875,000
Type: Corporate Purpose				
Issued: 12/1/07				
Amount Issued: \$9,385,000				
City Project # 911-152				
Matures:				
	2009	4.00%	940,000	
	2010	4.00%	940,000	
	2011	4.00%	940,000	
	2012	4.00%	940,000	
	2013	4.00%	940,000	
	2014	4.00%	940,000	
	2015	4.00%	940,000	
	2016	4.00%	935,000	
	2017	4.00%	935,000	
	2018	4.00%	935,000	
				\$9,385,000

CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 12/1/07				
Amount Issued \$4,525,000				
City Project # 911-153				
Matures:	2009	4.00%	455,000	
	2010	4.00%	455,000	
	2011	4.00%	455,000	
	2012	4.00%	455,000	
	2013	4.00%	455,000	
	2014	4.00%	450,000	
	2015	4.00%	450,000	
	2016	4.00%	450,000	
	2017	4.00%	450,000	
	2018	4.00%	450,000	
				\$4,525,000
Type: Corporate Purpose				
Issued: 12/1/07				
Amount Issued: \$10,990,000				
City Project # 911-154				
Matures:	2009	5.00%	1,100,000	
	2010	5.00%	1,100,000	
	2011	5.00%	1,100,000	
	2012	5.00%	1,100,000	
	2013	5.00%	1,100,000	
	2014	5.00%	1,100,000	
	2015	5.00%	1,100,000	
	2016	5.00%	1,100,000	
	2017	5.00%	1,095,000	
	2018	5.00%	1,095,000	
				\$10,990,000

**CITY OF SIOUX CITY, IOWA
SCHEDULE OF INDIVIDUAL BOND MATURITIES
JUNE 30, 2008**

		<u>Interest Rate</u>	<u>Amount</u>	<u>Total</u>
<u>GENERAL OBLIGATION BONDS</u>				
Type: Corporate Purpose				
Issued: 4/1/08				
Amount Issued \$13,440,000				
City Project # 911-156				
Matures:				
	2009	3.25%	3,665,000	
	2010	3.25%	3,685,000	
	2011	3.25%	2,855,000	
	2012	3.25%	2,030,000	
	2013	3.25%	1,205,000	
				<u>\$13,440,000</u>
Total General Obligation Bonds				<u>\$101,785,000</u>
<u>REVENUE BONDS</u>				
Type: Water				
Issued: 9/1/92				
Amount Issued: \$8,200,000				
City Project # 921-001				
Matures:				
	2009	4.55%	465,000	
				<u>\$ 465,000</u>
Total Revenue Bonds				<u>\$ 465,000</u>
Total				<u>\$102,250,000</u>

CITY OF SIOUX CITY, IOWA
SINGLE AUDIT SECTION

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2008

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
FEDERAL AWARDS					
DEPARTMENT OF COMMERCE -ECONOMIC DEVELOPMENT ADMINISTRATION					
Economic Adjustment Assistance	11.307	05-79-04339	\$ 569,436	\$ 65,489	\$ 157,729
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT					
Community Development Block Grant Entitlement	14.218	B-05-MC-19-0006	2,155,749	579,137	13,875
	14.218	B-06-MC-19-0006	1,944,078	1,725,352	1,944,078
	14.218	B-07-MC-19-0006	1,950,548	-	307,173
Emergency Shelter Grant	14.231	S-05-MC-19-0002	83,241	17,757	-
	14.231	S-06-MC-19-0002	82,915	51,387	20,655
	14.231	S-07-MC-19-0002	83,848	54,834	60,883
Supportive Housing Program/Continuum of Care	14.235	IA 26B600005	113,452	113,452	87,705
	14.235	IA 26B700006	113,452	33,409	35,417
Home Investment Partnerships Program	14.239	M-05-DC-19-0207	550,653	-	21,852
	14.239	M-06-DC-19-0207	517,973	515,309	517,973
	14.239	M-07-DC-19-0207	513,980	274,670	151,223
Special Purpose Grant Comm Devel Block Grant	14.246	B-00-SP-IA-0112	925,000	23,662	21,427
Fair Housing Assistance Program	14.401	FF207K057018	32,031	-	9,518
	14.401	FF207K067018	57,900	-	55,205
	14.401	FF207K077018	36,300	36,300	-
Section 8 Voucher Program	14.871	IA018VO0108	5,096,804	5,096,804	4,717,571
Section 8 Voucher Program-FSS	14.871	IA018AF0023	63,948	63,948	73,487
Section 8 Voucher Program-Affordable Home Own	14.871	IA018AFHV05	64,948	64,948	73,487
U.S. DEPARTMENT OF JUSTICE					
Passed through Governor's Office of Drug Control Policy					
Byrne-Justice Assistance Grant (JAG) Program	16.738	06JAG	111,500	4,607	-
	16.738	07JAG	194,137	193,460	194,137
Passed through Woodbury County					
Byrne-Justice Assistance Grant (JAG) Program	16.738	07JAG	39,494	39,494	15,263
U.S. DEPARTMENT OF JUSTICE					
Edward Byrne Memorial State & Local Law	16.580	2006DDBX0010	987,227	109,636	38,030
Bulletproof Vest Partnership Program	16.607	2007BUBX06133806	3,690	3,690	3,690
Project Safe Neighborhoods	16.609	06-ND05	1,500	1,500	-
	16.609	07-ND05	15,379	-	14,466
	16.609	06PSNAG-ND05	17,491	11,841	8,579
	16.609	07PSNAG-ND05	23,379	8,576	10,995
Office of Community Oriented Policing	16.710	2007CKWX0217	390,784	74,296	77,229
	16.710	2006CKWX0383	74,042	46,589	3,550
	16.710	2007CKWX0008	498,597	-	107,852
Meth Hotspots Licit Drug Diversion & Abuse	16.710	06LDDAP-03	5,000	1,539	288
U.S. DEPARTMENT OF TRANSPORTATION					
Federal Aviation Administration					
Airport Improvement Project	20.106	AIP319008529	1,746,360	110,536	-
	20.106	AIP319008531	1,190,778	6,014	-
	20.106	AIP319008532	4,761,413	-	56,370
	20.106	AIP319008533	\$ 576,925	\$ -	\$ 57,871

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2008

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
Passed through Iowa Department of Transportation					
Highway Planning and Construction	20.205	BRM7057(19)8N97	\$ 858,057	\$ 31,546	\$ -
	20.205	BRM7057(626)8N97	1,000,000	864,790	749,519
	20.205	BRM7057(650)8N97	1,000,000	33,841	33,841
	20.205	BROS7057(632)8J97	1,000,000	74,670	74,670
	20.205	BROS7057(645)8J97	1,000,000	29,881	32,902
	20.205	STPU7057(20)7097	1,092,314	39,714	-
	20.205	HDP7057(628)7I97	4,732,334	184,961	159,596
	20.205	HDP7057(638)7I97	1,431,938	-	1,400
	20.205	HDP7057(642)7I97	1,852,849	355,933	263,147
	20.205	HDP7057(640)7I97	1,931,904	28,364	29,857
	20.205	HDP7057(641)7I97	2,511,194	1,221,365	1,151,085
	20.205	HDP7057(643)7I97	3,011,788	112,796	97,053
	20.205	STPA7057(647)8697	772,400	249,360	281,685
Surface Transportation Program	20.205	STPU7057(644)7097	1,357,000	6,949	7,842
	20.205	STPU7057(634)7097	1,003,872	146,716	136,686
	20.205	STPU7057(648)7097	880,000	7,796	7,798
Transportation Enhancement Program	20.205	STPES7057(637)8I97	263,782	-	216,804
	20.205	STPU7057(17)7097	919,997	28,535	-
Transit JPA Capital Investment Assistance Prog	20.500	IA-03-0104-705-05	107,900	107,900	107,900
	20.500	IA-04-0105-705-06	205,840	834	-
Transit JPA Transportation for Elderly/Disabled	20.513	IA-16-X001-705-06	49,471	49,471	49,471
	20.513	IA-16-X001-705-08	59,443	59,443	59,443
FEDERAL TRANSIT ADMINISTRATION					
Transit Capital Improvement Grants	20.507	IA90X307	94,052	92,246	92,242
Transit Operating Assistance	20.507	IA90X327	1,226,574	1,226,574	-
	20.507	IA90X336	1,350,676	-	1,350,676
DEPARTMENT OF PUBLIC SAFETY					
Passed through Governor's Traffic Safety Bureau					
Section 402 Highway Safety Grant	20.605	PAP 07-163, Task 75	24,500	23,186	17,784
Alcohol Incentive Grant	20.601	PAP 07-410, Task 33	21,900	6,458	1,612
	20.601	PAP 08-410, Task 59	40,800	20,204	32,048
DEPARTMENT OF EDUCATION					
Passed through State Library					
Family Literacy for New Iowans	45.312	73107	2,000	1,736	1,709
DEPARTMENT OF NATURAL RESOURCES					
Clean Water State Revolving Fund Program	66.458	CS192247 01	31,000,000	6,955,189	6,955,189
	66.458	CS192247 02	15,000,000	244,953	244,953
Drinking Water State Revolving Fund Program	66.468	FS-97-06-DWSRF-007	6,000,000	425,589	425,589
ENVIRONMENTAL PROTECTION AGENCY					
Brownfield Pilots Cooperative Agreement	66.811	BL987064-01-0	500,000	1,430	4,290
Brownfield Cleanup Revolving Loan Fund	66.818	BL987064-01-0	500,000	41,870	68,363
Brownfield Hazardous Substance Assessment	66.818	BF98763301-0	200,000	14,000	20,124
Brownfield Petroleum Assessment	66.818	BF98763201-0	200,000	63,900	71,306

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2008

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY					
Urban Search & Rescue Task Force	97.004	2006-GE-T6-0065-010	\$ 325,000	\$ 197,400	\$ 158,661
	97.067	2005-GE-T5-56	530,000	185,899	176,743
	97.067	2007-GE-T7-0032-019	200,000	-	1,107
Public Assistance Grant Program	97.036	193-73335-00	119,980	119,980	-
Law Enforcement Officer Reimbursement	97.090	HSTS0208HSLR274	540,047	49,521	58,861
OFFICE OF NATIONAL DRUG CONTROL POLICY					
High Intensity Drug Trafficking Area/HIDTA	N/A	I6PMWP556Z	223,000	38,613	25,324
	N/A	I7PMWP556Z	159,000	102,473	107,929
	N/A	I8PMWP556Z	\$ 143,000	34,872	79,409
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 22,809,194	\$ 22,212,196

CITY OF SIOUX CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2008

Grantor Agency Program Name	Federal Domestic Assistance Catalog#	Grant #	Award	Grant Revenues	Grant Expenditures
STATE AWARDS					
IOWA DEPARTMENT OF CULTURAL AFFAIRS					
Cultural Enrichment		08-5678	\$ 16,000	\$ 16,000	\$ 14,368
IOWA DEPARTMENT OF ECONOMIC DEVELOPMENT					
Rebuild Iowa Infrastructure		06-F86-002	500,000	187,930	191,224
Iowa Brownfields Redevelopment Program		07-BRN-04	100,000	100,000	31,814
IOWA DEPARTMENT OF PUBLIC SAFETY					
Regional Fire Service		100406MGD01	400,000	-	389,875
Regional Fire Emergency Response		Sioux City	111,302	111,302	111,302
IOWA FINANCE AUTHORITY					
Local Housing Trust Fund		07-10	132,044	101,876	58,508
		08-10	146,251	146,251	35,670
IOWA DEPARTMENT OF TRANSPORTATION					
STA Joint Participation Agreement		STA-FORM-705-FY08	288,109	288,109	288,109
STA Joint Participation Agreement		STA-IG-715-FY07	40,000	35,474	35,474
Commercial Air Service Vertical Infrastructure		91050SUX200	85,600	23,340	23,340
		91070SUX200	109,430	13,561	109,430
		91080SUX200	109,688	-	19,982
RISE Grant		RM7057(633)9D97	700,000	3,338	-
Law Enforcement Personnel Agreement		DTSA20-03-P-01616-05	143,430	41,360	40,969
STATE HISTORICAL SOCIETY					
REAP/HRDP		05-904	2,595	2,059	-
		08-073	8,580	4,290	-
STATE LIBRARY OF IOWA					
Enrich Iowa		FY2006 08/05	15,968	-	6,807
		FY2008 Open Access	9,896	9,896	960
		FY2008 Access Plus	2,560	2,560	-
		FY2008 Direct Aid	19,869	19,869	19,455
Enrich Iowa		FY2008 Infrastructure	16,483	16,483	16,483
IOWA DEPARTMENT OF NATURAL RESOURCES					
Regional Collection Center Grant		04-G592-02	77,121	1,144	-
		G340	\$ 17,785	---	16,007
TOTAL STATE FINANCIAL ASSISTANCE				<u>1,124,842</u>	<u>1,409,777</u>
TOTAL FEDERAL & STATE FINANCIAL ASSISTANCE				<u>\$ 23,934,036</u>	<u>\$ 23,621,973</u>

CITY OF SIOUX CITY, IOWA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

- (1) The reporting entity for purposes of the Schedule of Expenditures of Federal Awards is the same as used for reporting on the comprehensive annual financial report.
- (2) The Schedule of Expenditures of Federal Awards is prepared on the cash basis of accounting.
- (3) The City administers various loan programs, including the collection of principal and interest, for the Federal government. The outstanding balances of these programs at June 30, 2008 are:

	<u>Balance</u>
CDBG loans	\$514,991
CDBG deferred loans	813,710

- (4) The City accepts and approves loan applications under the Section 312 loan program. However, the proceeds of loans from the Federal government and repayment to the Federal government are not administered by the City and are not included in the current year activity for purposes of the Schedule of Expenditures of Federal Awards.

CITY OF SIOUX CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

I. Summary of Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- c. No noncompliance which is material to the financial statements was disclosed.
- d. No material weaknesses in internal control over major programs were disclosed.
- e. An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f. The Audit disclosed no audit findings which were required to be reported in accordance with OMB Circular A-133 section .510(a)
- g. Major programs:
 - Community Development Block Grants/
Entitlement Grants CFDA #14.218
 - Home Investment Partnerships Program CFDA #14.239
 - Federal Transit Cluster -
 - Federal Transit – Capital Investment Grants CFDA #20.500
 - Federal Transit – Formula Grants
(Urbanized Area Formula Program) CFDA #20.507
 - Capitalization Grants for Clean Water
 - State Revolving Funds CFDA #66.458
- h. Dollar threshold used to distinguish between Type A and Type B programs \$450,362
- i. The Auditee did not qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

II. Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards

Instances of Non-Compliance:

No matters were reported.
There were no prior year audit findings.

Significant Deficiency:

- II-A-08 Financial Reporting** – Due to the delayed receipt of the actuarial report the City's OPEB liability was understated on the City's financial statements. It was also found that during the process of recording accounts payable accrual entries that the City did not properly capitalize as fixed assets, amounts of the expenses which were accrued as accounts payable at year end. Adjustments were subsequently made by the City to properly include these corrections in the financial statements.

CITY OF SIOUX CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

III. Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards – (Continued)

Recommendation – While we recognize that the benefits of internal controls must outweigh their cost and that no matter the complexity of controls that may be in place, the opportunity for calculation errors still exist. We recommend that the City implement additional reviews over accrual entries to ensure proper internal controls are present in all aspects of the financial reporting process.

Response – We will review our current procedures to identify where weaknesses are occurring and will take the necessary action to ensure proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

IV. Findings and Questioned Costs Relating to Federal Awards – None.

V. Summary Schedule of Prior Audit Findings –

V-A-07- Financial Reporting – During the audit, we identified that an accrual journal entry recording accounts receivable at year end was overstated due to a calculation error during the report preparation process. It was also found that during the process of recording accounts payable accrual entries that the City did not properly capitalize as fixed assets, amounts of the expenses which were accrued as accounts payable at year end. Adjustments were subsequently made by the City to properly include these corrections in the financial statements.

Recommendation – While we recognize that the benefits of internal controls must outweigh their cost and that no matter the complexity of controls that may be in place, the opportunity for calculation errors still exist. We recommend that the City implement additional reviews over accrual entries to ensure proper internal controls are present in all aspect of the financial reporting process.

Response – We will review our current procedures to identify where weaknesses are occurring and will take the necessary action to ensure proper amounts are recorded in the financial statements in the future.

Conclusion – Response accepted.

VI. Other Findings Related to Required Statutory Reporting

08-V-A – Certified Budget – City expenditures during the year ended June 30, 2008 did not exceed the amounts budgeted.

08-V-B – Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

08-V-C – Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

CITY OF SIOUX CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

VII. Other Findings Related to Required Statutory Reporting (Continued)

- 08-V-D – Council Minutes – We noted no transactions requiring approval, which had not been approved by the City Council.
- 08-V-E – Questionable Expenditures – We noted no questionable expenditures during our audit.
- 08-V-F – Revenue Bonds – No violations of revenue bond resolutions were noted.
- 08-V-G – Business Transactions – No business transactions between the City and City officials or employees were noted.
- 08-V-H – Cash and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

CITY OF SIOUX CITY, IOWA
PASSENGER FACILITY CHARGES

PFC Revenue and Disbursement Schedule
Sioux Gateway Airport/Col. Bud Day Field Airport Authority
7/1/07 - 6/30/08

	FY-07 Program Total	Quarter 1 July - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 April - June	FY-08 Total	FY-08 Program Total
Revenue:							
Collections	2,778,868	41,477	67,345	65,728	78,832	253,382	3,032,250
Interest	1,676	-	-	-	-	-	1,676
Total Revenue	2,780,544	41,477	67,345	65,728	78,832	253,382	3,033,926
Disbursements:							
Application #1							
Taxiway C Extension	71,875	-	-	-	-	-	71,875
Snow Equip. & Fencing	38,347	-	-	-	-	-	38,347
Security Access	144,215	-	-	-	-	-	144,215
Snow Sweeper	21,000	-	-	-	-	-	21,000
Taxiway A & E	10,440	-	-	-	-	-	10,440
Total Application #1	285,877	-	-	-	-	-	285,877
Application #2							
Term. Access Road	493,138	-	-	-	-	-	493,138
Financing & Interest	243,428	-	-	-	-	-	243,428
Airfield Signage/Marking	61,160	-	-	-	-	-	61,160
Financing & Interest	30,316	-	-	-	-	-	30,316
Snow Removal Equip.	6,240	-	-	-	-	-	6,240
Runway 13/31 Rehab.	528,087	-	-	-	-	-	528,087
Financing & Interest	260,690	-	-	-	-	-	260,690
Total Application #2	1,623,059	-	-	-	-	-	1,623,059
Application #3							
Taxiway Alpha	134,515	-	-	-	-	-	134,515
Financing & Interest	53,363	-	-	-	-	-	53,363
Taxiway Echo	60,200	-	-	-	-	-	60,200
Financing & Interest	23,887	-	-	-	-	-	23,887
AirCarrier (SIDA) Ramp	246,600	-	-	-	-	-	246,600
Financing & Interest	87,322	-	-	-	-	-	87,322
Taxiway Bravo	15,400	-	-	-	-	-	15,400
Financing & Interest	6,058	-	-	-	-	-	6,058
Taxiway Charlie	8,218	19,808	-	-	-	19,808	28,026
Financing & Interest	6,168	21,669	27,367	-	-	49,036	55,204
Snow Plow (#29) Replace	20,990	-	-	-	-	-	20,990
Financing & Interest	8,327	-	-	-	-	-	8,327
Airport Master Plan	15,000	-	-	-	-	-	15,000
Financing & Interest	5,951	-	-	-	-	-	5,951
Taxiway A & E Constr. (impose)	25,899	-	-	-	-	-	25,899
Financing & Interest (impose)	14,348	-	-	-	-	-	14,348
Total Application #3	732,246	41,477	27,367	-	-	68,844	801,090
Application #4							
Taxiway Bravo	-	-	4,466	-	-	4,466	4,466
Financing & Interest	-	-	1,757	-	-	1,757	1,757
Taxiway Charlie & Air Carrier Ramp	-	-	2,246	1,620	34,459	38,325	38,325
Financing & Interest	-	-	-	-	44,373	44,373	44,373
Airport Master Plan	-	-	4,350	-	-	4,350	4,350
Financing & Interest	-	-	1,726	-	-	1,726	1,726
Snow Plow (#29) Replacement	-	-	-	6,087	-	6,087	6,087
Financing & Interest	-	-	2,415	-	-	2,415	2,415
Reconstruct Alpha South & Echo	-	-	-	58,021	-	58,021	58,021
Financing & Interest	-	-	23,018	-	-	23,018	23,018
Total Application #4	-	-	39,978	65,728	78,832	184,538	184,538
Application #5							
Terminal Concept Plan	8,149	-	-	-	-	-	8,149
Financing & Interest	2,119	-	-	-	-	-	2,119
Acquire and Modify Loading Bridge	49,230	-	-	-	-	-	49,230
Financing & Interest	12,800	-	-	-	-	-	12,800
Construct Terminal Entrance Road	-	-	-	-	-	-	-
Financing & Interest	19,893	-	-	-	-	-	19,893
Acquire Snow Removal Equipment	33,050	-	-	-	-	-	33,050
Financing & Interest	14,121	-	-	-	-	-	14,121
Rehabilitate Aircraft Parking Apron	-	-	-	-	-	-	-
Financing & Interest	-	-	-	-	-	-	-
Acquire Land for Runway 13 RPZ	-	-	-	-	-	-	-
Financing & Interest	-	-	-	-	-	-	-

PFC Revenue and Disbursement Schedule
Sioux Gateway Airport/Col. Bud Day Field Airport Authority
7/1/07 - 6/30/08

	FY-07 Program Total	Quarter 1 July - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 April - June	FY-08 Total	FY-08 Program Total
Acquire Replace Snow Plow Truck						-	-
Financing & Interest						-	-
Extend Taxiway C (include perimeter road)						-	-
Financing & Interest						-	-
Acquire Replacement Snow Blower						-	-
Financing & Interest						-	-
Total Application #5	139,362	-	-	-	-	-	139,362
Total Disbursements	2,780,544	41,477	67,345	65,728	78,832	253,382	3,033,926
Net PFC Revenue (rev. - disb.)							
PFC Account Balance	-	-	-	-	-	-	-

Notes:

1. Schedule is presented on the cash basis of accounting.

CITY OF SIOUX CITY, IOWA
REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A133



Suite 700 Terra Centre
600 Fourth Street
P.O. Box 298
Sioux City, IA 51102-0298
Phone (712) 252-5337

**Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance in
Accordance with OMB Circular A-133**

The Honorable City Council
of the City of Sioux City, Iowa:

Compliance

We have audited the compliance of the City of Sioux City, Iowa (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sioux City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Sioux City, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

October 23, 2008

Sioux City, Iowa

CITY OF SIOUX CITY, IOWA
REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS



Suite 700 Terra Centre
600 Fourth Street
P.O. Box 298
Sioux City, IA 51102-0298
Phone (712) 252-5337

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

The Honorable City Council
of the City of Sioux City, Iowa:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sioux City, Iowa (the City) as of and for the year ended June 30, 2008 which collectively comprise the City's basic financial statements and have issued our report thereon dated October 23, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Sioux City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sioux City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sioux City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Sioux City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of the City of Sioux City's financial statements that is more than inconsequential will not be prevented or detected by the City of Sioux City's internal control. We consider the deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item II-A-08 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Sioux City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

The City of Sioux City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's response, we did not audit the City of Sioux City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the members of the City Council, management and others within the City of Sioux City, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams & Company, P.C.
Certified Public Accountants

October 23, 2008
Sioux City, Iowa